

TEIJIN

Human Chemistry, Human Solutions

2013 Teijin Group CSR Report

[Achievements in FY2012]



Endeavoring to Provide New, Technology-driven Solutions Globally

The Teijin Group upholds its brand statement “Human Chemistry, Human Solutions” as its promise to society and its customers.

Under the statement, we are globally expanding our wide range of businesses that include advanced fibers & composites, electric materials & performance polymer products, healthcare, products converting and IT. In line with our corporate philosophy, we continue striving to enhance the quality of life of people everywhere.

Progressing with technological innovation at the core of operations, we will continue to create new solutions in response to various global issues and needs. In doing so, our aim is to evolve as an organization that is worthy of society’s highest expectations and esteem.

Corporate Philosophy

In Harmony with Society

Quality of Life

The Teijin Group’s purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities.

Empowering Our People

Brand Statement

Human Chemistry, Human Solutions

Our promise is to keep delivering real value through the development of chemical technologies that are friendly to both people and the global environment, and through the provision of solutions that society and our customers expect.

Editorial Policy

Explanatory Note

In creating the 2013 Teijin Group Corporate Social Responsibility (CSR) Report, we have considered the following points, aiming to increase the report's audience and their understanding of the Teijin Group's CSR activities.

Completeness and Materiality

The contents of this year's CSR Report have been chosen according to strict criteria, referring to the following guidelines and questionnaires on socially responsible investment (SRI), and considering the business conditions of our group. Notably, the features section describes initiatives relating to themes that are important to both the Teijin Group and society.

Reference Guidelines

- "Environmental Reporting Guidelines, 2012" (Ministry of the Environment, Government of Japan)
- "Sustainability Reporting Guidelines, 2006" (Global Reporting Initiative)

Reporting that corresponds to items in the GRI guidelines is marked with the applicable number as follows: **

Coordination between CSR Report and Website

Information that could not be included in this CSR report due to space restrictions is published on the website. Relevant pages in the report are marked for reference on the left-hand side of the page and a full list of references is included on the final page.

 Website-only item

▶▶▶ See website for more detailed information

See website for more detailed information

URL: <http://www.teijin.com/csr/>

Clarity

This report predominately targets readers who are interested in CSR, and at the same time endeavors to promote understanding of our activities across a wide audience. To this end, we have minimized the report's length as much as possible, and adopted a layout arranged according to specific features of our group's CSR management. As well as emphasis on making the report easy to understand and view, we have considered ease of searching via features such as cross-referenced pages.

Reliability

Emphasizing transparency in all aspects of management, the Teijin Group is committed to active disclosure of information that can be trusted. On this basis, this report has been independently reviewed by KPMG AZSA Sustainability Co., Ltd., who have provided assurance of its reliability. Indicators on which assurance is provided are marked with a red star (★).

Time Period/Boundaries 3.1 3.6 3.7

In principle, this report includes information corresponding to the period from April 2012 to March 2013. However, some information is included that corresponds to the 2012 calendar year or activities implemented after April 2013. Furthermore, information in this report generally refers to all Teijin Group companies (Teijin Limited, plus 61 in Japan and 86 overseas). However, in some sections, such as environment, safety and health management and human resource management, we have included notes indicating the use of a separate time period and boundaries.

Additional Information

Please refer to the following documents which also contain information related to our CSR activities.

- CSR Report (Japanese)
- Teijin Group Company Profile (Japanese/English)
- Annual Report (Japanese/English)
- Fact Book (Japanese/English)
- Financial Statements (Japanese/English)
- Shareholders' Report (Japanese)

URL: <http://www.teijin.com/>

CONTENTS

Message from the President.....	3
Profile of the Teijin Group.....	5

Features

The 7th Stakeholder Dialogue.....	7
10th Anniversary of <i>ECO CIRCLE</i> ™.....	13

News Flash..... 17

Vision and Strategy

CSR Management.....	19
FY2012 Plans, Goals, Performance and Self-evaluations.....	23
Corporate Governance.....	27

Social Report

Compliance and Risk Management.....	29
Quality Assurance.....	31
Human Resources Management and Labor CSR.....	33
CSR Procurement.....	37
Social Contributions.....	39

Environment, Safety and Health Report

ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health).....	41
Environmental Management.....	43
Environmental Management 1 Environmental Preservation.....	45
Environmental Management 2 Design for Environment.....	51
Environmental Management 3 Environmental Businesses.....	53
Disaster Prevention Activities.....	55
Occupational Safety and Health.....	57

Economic Report

Distribution of Added Value to Stakeholders.....	59
Independent Assurance Report.....	60

Opinions from Third Parties

Opinions from Experts.....	61
Comparative Table with ISO 26000.....	63
List of Website References.....	64
Editor's Postscript.....	64

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Aiming to be a Company with a Strong Global Presence



Efforts to Realize “CHANGE for 2016”

In FY2012, the world economy was characterized by a wayward European economy, which had a significant impact on the Chinese and other emerging economies, and also by growing concerns over the future of the US economy.

These effects were felt very strongly by the Teijin Group, which has important business bases in Europe and China, and resulted in a sharp decline in performance, particularly in the materials segment. On top of this, the healthcare business failed to achieve the anticipated results due to the effect of pharmaceutical price revisions and intensifying competition. As a result, earnings of all but a few businesses decreased significantly and the Group as a whole is experiencing difficult circumstances, recording a loss for the period ending March 2013 with the inclusion of extraordinary loss.

The Medium- to Long-term Management Vision, “CHANGE for 2016 – Innovation and Execution,” announced in February 2012 outlines our objectives to provide the market and customers with the solutions they need, to secure profitable, sustainable growth, and to contribute to enhancing the quality of life, which is also part of our corporate philosophy. As a medium-term management strategy designed to achieve these objectives, we have set and are engaged in implementing bold transformation of our business, geographic, technology and human resources portfolios. Despite the very challenging conditions, we will execute the reforms presented in our medium- to long-term management vision with an unwavering resolve and aim to attain global excellence; that is, become a company with a strong global presence.

Outline of Medium- to Long-term Management Vision

Long-term Vision

1. Secure profitable, sustainable growth by providing customers with needed solutions.
2. Build value that also benefits society, and contribute to the advancement of humanity by focusing on businesses that leverage Teijin's cutting-edge technologies.
3. Be recognized as a leading player that has attained global excellence.*

* In our view, a company that has attained “global excellence” is one that is recognized as a key global player in its core businesses, has business activities worldwide, is evaluated positively by society and is a source of pride for its employees.

Basic Policies

1. Press forward with growth strategies for green chemistry, health care and overlapping domains.
2. Advance and expand existing businesses by broadening scope and adding depth.
3. Bolster R&D aimed at fostering new businesses.
4. Enhance implementation of strategies through organizational reforms.
5. Promote decisive and ongoing efforts to reform cost structure.

Organizational Reform for a Stronger “One Teijin”

Since adopting a holding company system in 2003, the Teijin Group has promoted group and global management, and has achieved stable results under this system. In order to demonstrate even further strength as a group, and to aggressively implement our growth strategy based on this strength, we are implementing

organizational reforms while retaining the holding company system.

Specifically, our approach features simplification of our organizational structure, integration of major group companies and reform/streamlining of the back-office structure at head office. Our aim in integrating businesses and functions is to concentrate our strength as "One Teijin." Through comprehensively reinforcing our strengths, particularly in technological development and market responsiveness, we aim to build a system that can provide optimal solutions to market and customer needs.

Under the banner of "One Teijin," we will fully maximize our management resources (human resources, technologies and information) and, united as a group, make efforts toward reaching the best possible results.

Significance of CSR in Management

The Teijin Group is now facing tough circumstances, but the more severe the management environment is, the more important it becomes for a company to reflect on its own corporate philosophy and prepare for the future. The basic foundation for the Teijin Group's CSR is made clear in its corporate philosophy established in 1993: "Enhancing the quality of life through a deep insight into human nature and needs together with the application of our creative abilities," "In Harmony with Society" and "Empowering Our People."

In terms of management, I am constantly mindful of creating value society needs, both in harmony with society and while empowering our people. To put it more simply, my perspective is one of "creating shared value." What is required of us now is to take on the challenge of providing solutions that meet the expectations of society/customers. This will allow us to contribute to resolving/improving social issues through initiatives that tackle these issues directly. Moreover, I am convinced that this is the key to the Teijin Group's sustainable growth.

CSR Corresponding to Management Strategy

The following introduces main initiatives of the Teijin Group under this management strategy and approach to CSR focusing on the concepts of "In Harmony with Society" and "Empowering Our People."

■ Creating Sustainable Value

In the growth strategy set forth in the Medium- to Long-term Management Vision, environment and energy is positioned as one of the five key fields. A part of this, a future focus will be forging even further ahead in providing solutions that create sustainable value driven by Teijin Group technologies.

One example is *ECO CIRCLE™*, a closed-loop recycling system for polyester based on a world-first chemical recycling technology developed by the Teijin Group. In 2012, *ECO CIRCLE™* celebrated its 10th anniversary. During this time, owing to the strong support of many stakeholders, the reach of *ECO CIRCLE™* has been steadily expanding worldwide.

We are also aggressively pushing forward with efforts to expand use of our unique thermoplastic carbon fiber reinforced plastic (CFRP) in automotive applications, and we are working steadily towards realization of this goal. This project, which will reduce automobile body weights and thus assist in reducing worldwide CO₂ emissions, typifies our environmental businesses and will become a model for evolving as an organization that creates value for customers.

■ Accelerating Progress Towards Diversity

The Teijin Group established the Diversity Development Section at the end of the 1990s. As part of accompanying measures, we set a goal for the ratio of females among newly recruited university graduates to 30% or more and have been actively working to increase the ratio of females in managerial positions. We have also worked hard to address issues relating to work-life balance through measures such as a work-at-home system and shorter working hours, taking the view that providing child-rearing support and maintaining a pleasant working environment are essential elements in promoting female career development.

To implement our growth strategy, it is important that diverse human resources, including women, enhance their capabilities and maximize their potential to improve the results of the Teijin Group. On this basis, in FY2007, the Diversity Development Section expanded its role beyond gender issues. As one the keys to accelerating the progress of global expansion and diversity, in terms of human resources, we are promoting diversity in recruitment/discovery, faster development and suitable placement worldwide regardless of nationality, age, gender, etc. This will enable us to reform the human resources portfolio, one of the main medium-term issues.

Based on these activities, the Teijin Group will continue aiming to enhance the quality of life. I look forward to the ongoing support of all stakeholders in these and other efforts.

June 2013


Shigeo Ohyagi
President and CEO
Teijin Limited

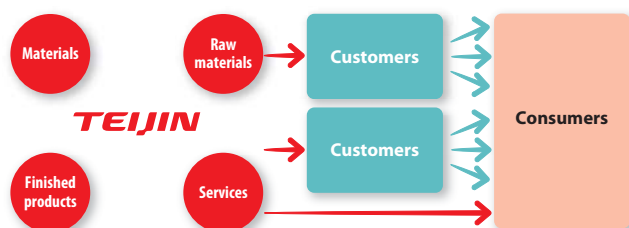
Global Expansion in Diverse Businesses

The Teijin Group's promise embodied in the statement, "Human Chemistry, Human Solutions," signifies the deep integration of our diversified, advanced technologies, and vast "solutions knowledge" in the lives of people, achieved through the help of our customers and their activities.

The Teijin Group was established in 1918 as the first manufacturer of rayon yarn in Japan. Starting with the launch of our polyester business, and building on the foundation of our strong technological prowess in fibers, we have expanded our business to a broad range of fields.

Today, Teijin Limited and 147 group companies are active in our Advanced Fibers & Composites, Electric Materials & Performance Polymer Products, Healthcare, Products Converting and IT businesses. We continue to expand these businesses on a global scale in Asia, the Americas and the EU. The restructuring of our business has led to changes in the number of our employees. Currently, there are 16,637 group company employees, including 7,021 overseas (201 transferred from Japan). In FY2012, the average annual number of temporary employees in companies in Japan was 2,047.

The Teijin Group is primarily involved in business activities in which we do not have direct contact with consumers, such as the production of materials. Despite this, through our involvement in various industrial fields, our innovative and numerous products and services have become strongly integrated in the lives of consumers.



Teijin Limited Corporate Data (As of March 31, 2013)

Established: June 17, 1918
Capital: 70,816 million yen

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Representative
Shigeo Ohyagi, President and CEO

URL: <http://www.teijin.com>

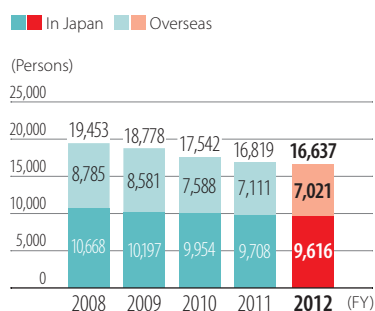
Data on the Teijin Group (As of March 31, 2013)

Holding company: 1
Group companies in Japan: 61
Group companies overseas: 86
Total: 148

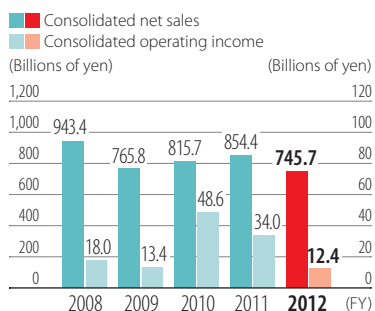
Number of employees in Japan: 9,616
Number of employees overseas: 7,021
Total: 16,637

* Excluding temporary employees.

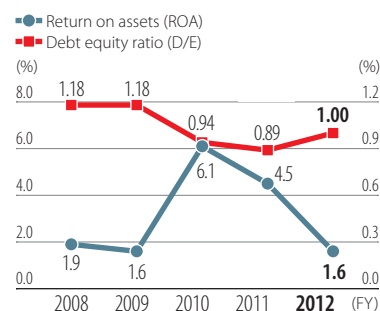
Trends in No. of Group Employees



Trends in Consolidated Net Sales and Operating Income

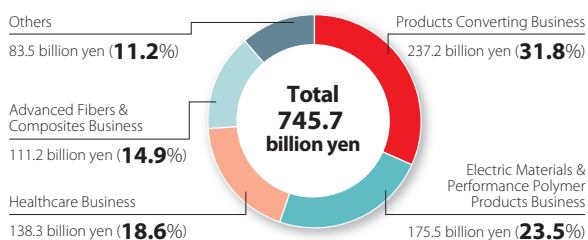


Trends in Main Management Indexes

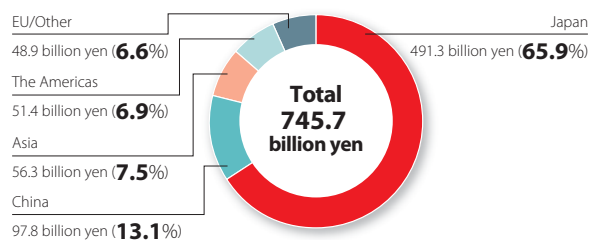


Breakdown of FY2012 Consolidated Net Sales (As of March 31, 2013)

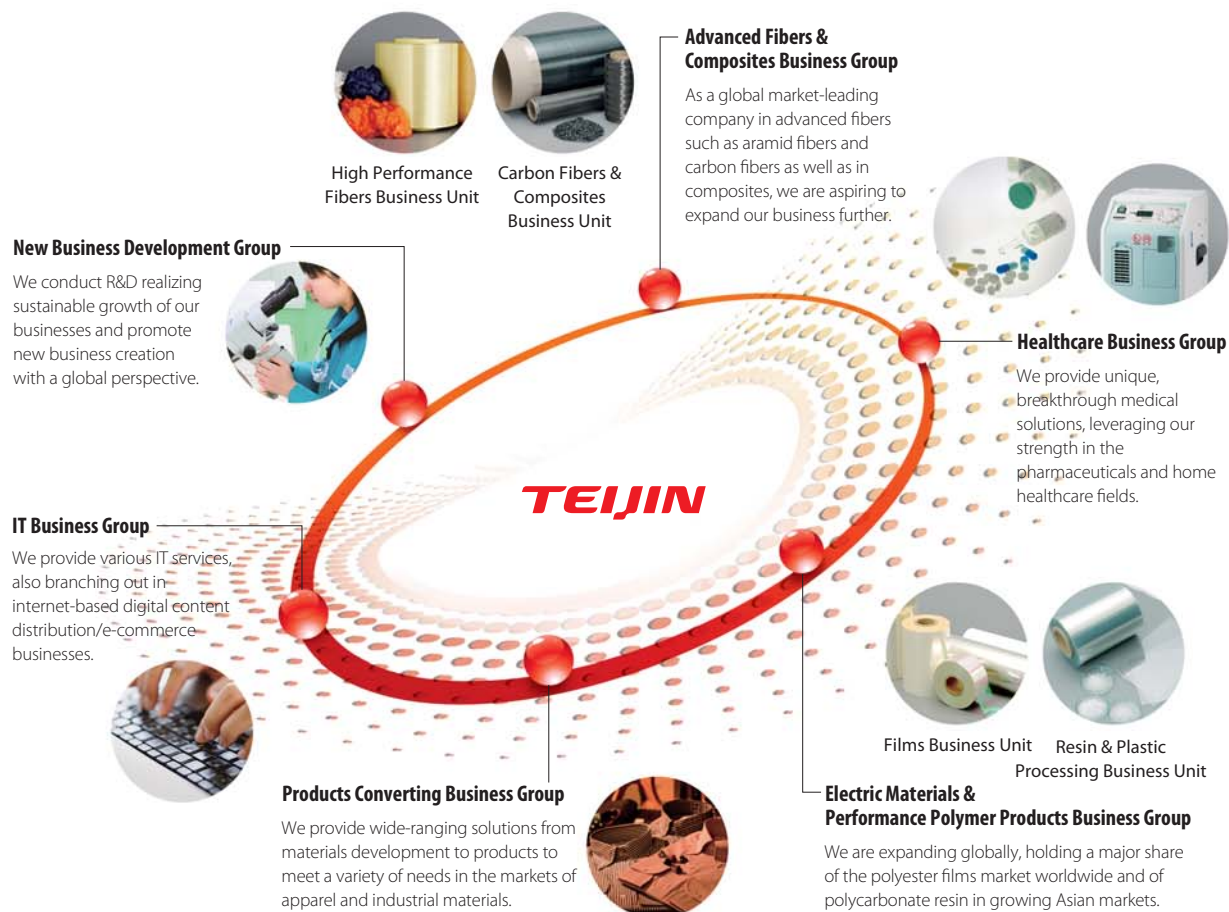
Sales by Business Segment



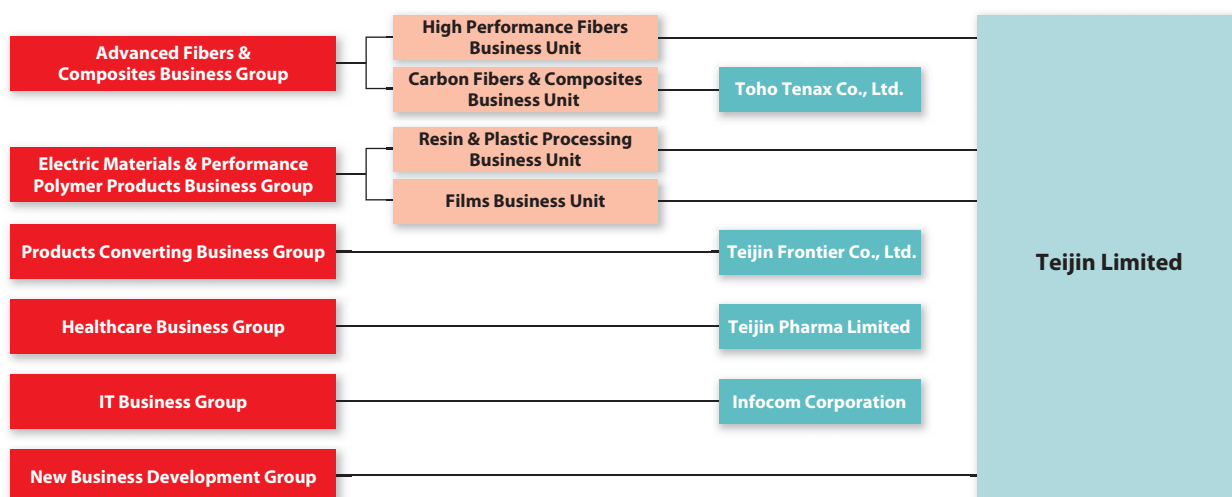
Sales by Domicile of Customers



Business Overview

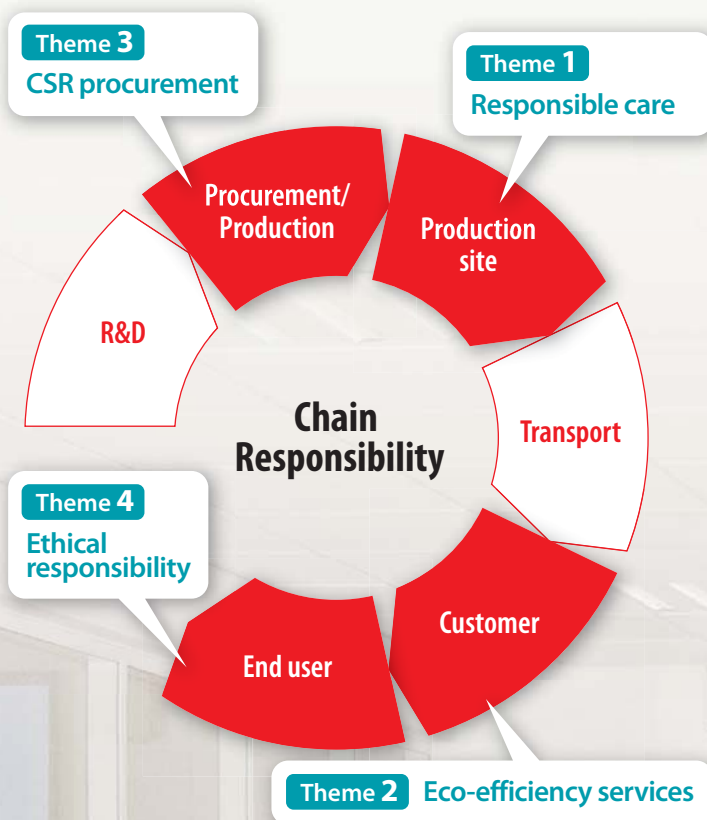


Organizational Chart (As of April 1, 2013)



How Teijin Aramid Creates Qualitative Value in the Chain

Teijin Aramid B.V., a subsidiary of the Teijin Group, is a global leader in aramid fibers. Such a position comes with great responsibility for the company, employees, customers and the environment. During the 7th stakeholder dialogue held in March 2013 at the boardroom of the Teijin Aramid headquarters in Arnhem, the Netherlands, stakeholders and representatives of Teijin Aramid had an in-depth discussion on topics including the expanding scope of CSR, chain value and the growing influence of society on the industry as exemplified by the demand for transparency.



Discussion of Four Main Themes Related to Supply Chains

Since 2004, long before CSR became a mainstream topic in the industry, Teijin Aramid was aware of its responsibility towards its customers, employees and society. For example, the company invested in infrastructure to reduce aramid waste and recycle *Twaron*® aramid fibers. This recycling program received the 2012 Responsible Care Award from the Association of the Dutch Chemical Industry (VNCI), a prize awarded annually by the VNCI to enterprises in the chemical industry that have excelled in the fields of environment, safety, health and sustainability. The scope of Teijin Aramid activities has also expanded and we have embraced the idea of chain responsibility. Teijin Aramid has worked on CSR as a key element of its business in line with the brand statement of the Teijin Group: "Human Chemistry, Human Solutions." Teijin Aramid recognizes and understands the growing demands from society regarding safety and transparency. Over the years, Teijin Aramid has given account of its actions in its annual CSR reports. The tradition of "stakeholder dialogues" as a part of these reports shows the open mind of the company. In this 7th stakeholder dialogue, four themes were discussed: responsible care, eco-efficiency services, CSR procurement and ethical responsibility.

ing. Antoon van den Boogaard
Ethics advisor, founder of Ethiek ZAAK

Drs. Harrie Bosman
Manager, Eco-efficiency Services, Teijin Aramid B.V.

Dr. Ir. Colette Alma
Director General, Association of the Dutch Chemical Industry (VNCI)

Ir. Mark Claassen
Head of Purchasing, Teijin Aramid B.V.

Drs. Marcel Werner
Manager, CSR/TRM/QHSE, Teijin Aramid B.V.

Facilitator
Ms. Tae Maki
Manager, KPMG Copenhagen Climate Change & Sustainability

Theme 1 Responsible Care

Don't Hide it, Show it

Tae Maki: What kind of activities does Teijin Aramid promote to meet the requirements of responsible care?

Wessel Bruining: For a long time, we have been participating in a national responsible care program under governance of the Association of the Dutch Chemical Industry (Vereniging van de Nederlandse Chemische Industrie, VNCI). The program sets a framework for activities/operations which allow the real effects of operational standards to be seen based on a best-in-class approach. It is all about optimization and improvement. In some areas, like recycling, we are quite good, but in other areas we lack the scale to develop an integrated system further. That is why we are in talks with **AkzoNobel**, who we have a long and close relationship with, about using parts of their framework to move ahead. Last year, we implemented a major recycling project aiming to recover used products for reuse. Since 2004, we have invested in infrastructure to reduce aramid waste and recycle *Twaron*® aramid fibers. We have a quite advanced technology in recovery of acid. Through our recycling program, we address customer problems by looking at the remaining value of products at the end of their life cycle and acting accordingly. We try to bring responsible care to the whole chain.

Tae Maki: Supply-chain management can also be considered a part of responsible care?

Colette Alma: Yes. Responsible care used to be only

a thing for the tier-1 suppliers. Now it extends further than that. Companies are developing indicators to see what happens to their products all along the supply chain. The area it concerns is large and the demands are very high. The demand for transparency is also increasing. Accidents in the past have shown the public that there are some risks involved and people are reacting to that. Inspections became stricter and there is also political pressure. That is the reason we are in an ongoing dialogue with the government. Recently, we agreed on how the results of inspections of individual companies will be published in the future as part of transparency. We also participated in some regional community discussions. As result of the increasing transparency, the Dutch safety standards are now high.

Wessel Bruining: Transparency in what you are doing creates public trust and it shows that you are open to discussions with stakeholders about what is going on. The flip side is that it is getting more difficult to handle perceptions. I think VNCI did a very nice job of creating the perception about the value that chemistry offers; that is, chemistry as part of the solution of the society of tomorrow and the image of chemistry offering solutions. However, changing perceptions is a long process. If an incident with chemicals involved happens it is one step back again.

Marc Poortenga: Society sets the standards. These are not in but outside the product supply chain. What if there is someone from outside that has a different perception?

Colette Alma: We engage in public debate in newspapers and help individual companies that are in the center of debate or inspection. We advise companies to ask their customers for their inspection

AkzoNobel N.V.

In 1972, AkzoNobel developed the first para-aramid fiber, which at the time was called *Arenka*®. Due to certain circumstances, actual production did not start until 12 years later at the new plants in Delfzijl and Emmen. In the meantime, the fiber was renamed *Twaron*® and it entered the market in 1987. As part of improvement measures, AkzoNobel moved its fiber activities to a separate legal entity (Acordis) in 1999, and sold 78% of it to CVC Capital Partners in 2000. Teijin Ltd. took over all *Twaron*® activities in 2000. In 2007, Teijin Twaron B.V. was renamed Teijin Aramid B.V., and it now markets four different brands of aramid fibers worldwide.

Mr. Tatsuya Ono

Senior Manager, Environmental Management CSR Planning Office, Teijin Limited

Ir. Marc Poortenga

Product & Key Account Manager, Chlorine & Hydrogen, AkzoNobel N.V.

Mr. Wessel Bruining

Director of Manufacturing, Teijin Aramid B.V.

Mr. Gerard van den Hondel

Sales Account Manager, Elastomer Reinforcements, Teijin Aramid B.V.

Dr. Christoph Hahn

Director of Marketing & Sales, Teijin Aramid B.V.



Via video connection



External Stakeholders



ing. Antoon van den Boogaard

Antoon van den Boogaard, founder of Ethiek ZAAK, studied construction, specializing in technical business studies. He uses this education background in his work as a business ethics advisor and he has been working as a business consultant for many years.



Dr. Ir. Colette Alma

Colette Alma is the Director General of Association of the Dutch Chemical Industry (VNCI). After working as a chemist for Royal Dutch Shell plc, she took up a position at the Dutch Initiative for Sustainable Developments, a foundation that supports sustainable development.



Ir. Marc Poortenga

Marc Poortenga is a Product and Key Account Manager in the Chlorine & Hydrogen department (mainly Western Europe) of the Industrial Chemicals Business Unit at AkzoNobel N.V. He has been working for the company since 1999 and has vast experience addressing sustainability and CSR issues within the company.



Ms. Tae Maki

Tae Maki is a manager at KPMG Copenhagen Climate Change & Sustainability in Denmark. She has provided services for the Teijin Group for more than ten years and has extensive knowledge and experience in auditing global manufacturing companies in the electronics, chemical and other industries.

reports. Many companies have good practices and are in a dialogue with local communities. When difficulties occur they can easily contact these communities. So being in touch with locals is very worthwhile, even during quiet times. A new phenomenon is the social media. Nowadays people are informed in a split-second and companies have to be aware of that.

Marcel Werner: A small issue can turn into a huge thing when it is caught by the media who put their own spin on it. We cannot use social media but we have to realize its existence. It may change our behavior.

Marc Poortenga: Local communities also include workers at the facility and this creates a kind of loyalty. These people know more from the inside than the general public. On the other hand, workers can become critical; they demand to have an explanation.

perspective of every participating chain partner. The goal of this business model is to maximize cost performance in the chain in a sustainable way. With the CBM we can show, both financially and ecologically, that the profit with our product is higher than that of comparable products. For example, we did calculations on gas cylinders and found that gas cylinders using our aramid would be 40% more profitable than steel gas cylinders. The ecological advantages are 33% less energy consumption and 33% less CO₂ emissions (depending on the grid). Based on literature, the positive effects of less weight during transport are significant, and these transport effects have not been taken into account yet.

Wessel Bruining: Steel is a hard, maintenance-sensitive material. This is the old mindset that still is common in the industry. Our lightweight material can compete with steel and with our model we are able to quantify it per specific application and show what it really means. The CBM increases awareness of whether all elements have been included and also creates the possibility of seeing the value for each element; it helps people to become more aware that all the elements are important.

Harrie Bosman: With the CBM, for each one of our customers, we can calculate the financial and ecological benefits of our product. Together with the customer we can consider all kinds of scenarios. What would happen if the energy price rises by 30%? What would happen if the rubber price rises by 15%? We can show the outcome of these kinds of questions in real-time.

Gerard van den Hondel: It is very important to make things visible. Our material disappears into a

Theme 2 Eco-efficiency Services

Teijin Aramid Solutions Creating Higher Value

Tae Maki: Teijin Aramid took eco-efficiency to the next level with the development of the Customer Benefit Model (CBM). Can you elaborate on this and explain the advantage of this model for the customer?

Harrie Bosman: We developed the CBM by combining the results of eco-efficiency analyses with customer data. In this way, we can calculate the value of the product over the total value chain from the

cable, into a tire or into a conveyor belt. We produce the material, a weaver makes the fabric, a belt maker produces the conveyor belt, a construction company builds the installation, and at the end, a mining company saves energy through use of the belt thanks to our product. However, how would they know about our product? It becomes even more complicated when we suggest removing the heavy steel and using our material instead because it requires adjustments to the construction process. In this complex picture, the CBM proves its value.

Harrie Bosman: Customers are happy that they can show to other parties in the supply chain that their product is not only profitable, but saves energy, raw materials and diminishes CO₂ emissions. Another aspect from financial and ecological points of view, is that *Twaron*® is more expensive per kilogram than steel and it has a larger eco-footprint compared to steel or polyester. However, when you look at the functionality, it is inexpensive and very ecologically friendly. Per kilogram it is expensive but in terms of functionality it is quite an inexpensive material.

Tae Maki: Can you give an update on **the project in South Africa**?

Gerard van den Hondel: The belt maker is now going to install the first belt using our material at a mining company. In this project different parties in the chain are involved and they all want to see how the new belt will run and if it really saves as much energy as we have calculated. Our calculations with the CBM showed energy savings of approximately 12.5% for both *Twaron*® and *Sulfron*® and combining both solutions leads to savings as high as 25%. Depending on the energy source used, there will be huge savings in CO₂ emissions too. During the trial there will be also concerns about reliability. Disruption of operations is the biggest fear for anyone running continuous operations.

Colette Alma: Usually better performance means higher costs, whereas, in this case, better performance creates lower costs. It shows that there are still opportunities in the value chain to achieve both better environmental performance and lower costs.

Harrie Bosman: At the moment we are making calculations together with five deep mining companies in Canada to see what happens if we replace steel hoisting cables with *Twaron*® hoisting cables. A steel cable weighs approximately 60 tons but a cable with *Twaron*® weighs only 18 tons. Looking at the hoist, the change means many more tons of payload. For some mines that is important, for others the reduction of energy use is of more importance. The need for better performance

varies by company, by country or by region.

For example, in some regions the resolve to save energy is hardly present.

Tatsuya Ono: I introduced this tool to our management team in Tokyo and other business groups such as Carbon Fiber & Composites because composites can contribute to reducing CO₂ emissions in finished products in the automotive and other industries. I think this tool can be very useful for these groups and their customers. In the future, we will move towards implementing eco-efficiency analysis.

Theme 3 CSR Procurement

Quality Control as a Driver for Engagement Along the Supply Chain

Mark Claassen: In approximately 2007/2008, we started thinking how we could fit CSR into the procurement discipline. We drafted a CSR declaration for suppliers together with procedures on how to act. One of the general aspects of our CSR declaration is that suppliers should act in a fair way and comply with local regulations. Specifically, we focus on people aspects like worker safety, being a good employer, ensuring prevention of child labor and the freedom to organize. We also want to know about topics like environmental permits, how the supplier deals with waste, hazardous substances and prevention. The final point is corporate ethics where we zoom in on disclosing information, protection of intellectual property and other issues like corruption and extortion.

Tae Maki: Have there been any changes in your declaration since the start in 2008?

Mark Claassen: Not really. We mainly buy in Western Europe from companies like AkzoNobel and BASF which makes things in this respect easy because we know the precise situation in the factories.

Colette Alma: I've heard about the practice of visiting customers to see how they are managing. Have you ever de-selected a supplier?

Wessel Bruining: We've rejected some suppliers because, in our opinion, their way of operating their plant was very poor. Poor handling by a supplier can jeopardize our continuity and our business, and that puts our reputation as a reliable company at risk.

Mark Claassen: Even when a supplier is ISO-certified, we visit their facility to see how it looks and check their procedures.

Marcel Werner: In general, customers respond

The Project in South Africa

A mining company in South Africa runs a conveyor belt 10km long that brings coal from the pit to the production facility. This installation uses a tremendous amount of energy. The company foresees that the price it pays for its electricity will rise by 25% each year. In addition, the electricity supply and transport is unreliable which results in blackouts. The company wants to reduce energy consumption of its existing installation by 7–10% a year. Using the CBM, Teijin modeled the case for replacement of steel with *Twaron*® in the conveyor belt.

Risk Assessment

Risk assessment is the identification, evaluation and estimation of the levels of risks involved in a situation, their comparison against benchmarks or standards, and determination of an acceptable level of risk. It characterizes the nature and magnitude of health risks to humans (e.g., residents, workers and recreational visitors) and ecological receptors (e.g., birds, fish and wildlife) from chemical contaminants and other stressors that may be present in the environment. Risk assessment also identifies the controls or improvements that need to be put in place to avoid or to reduce the risk. Risk management is the action based on consideration of this and other information.

positively to our approach. One of our Indian customers didn't handle one of our products safely enough. We went there with experts to explain and educate them on safe handling.

Tatsuya Ono: Supply-chain management is important to the Teijin Group. We promote CSR activities globally.

Tae Maki: What actions should companies take to further strengthen the supply chain?

Marc Poortenga: We need to work towards real engagement, stakeholder engagement. We should be much more open towards each other. We visit our customers to see what they are doing, to see whether they handle the chemicals in the right way. We'd like to have an active discussion on how to use our products. Mind you, it is not all about us telling them how to do certain things. We also invite customers to our place to show them how we manage things. It is about joint **risk assessment** and that goes both ways.

Theme 4 Ethical Responsibility

Pride in What Teijin Aramid Does, and What it Doesn't

Christoph Hahn: For Teijin, ethical responsibility means complying with all kinds of regulations. It also means an intrinsic consciousness within the company of what are the dos and the don'ts. It is also related to the overall mission that Teijin has to contribute to quality of life. From this, one can retrieve our four core values: Passion, Unity, Respect and Excellence (PURE). These core values lay the platform for our code of conduct and explicit rules on the dos and don'ts and these are communicated within the company.

Tae Maki: Bearing these values in mind, are there any areas that Teijin doesn't want to be in?

Christoph Hahn: We have a list of criteria for

businesses we don't want to be in; for instance, the business of animal testing. Furthermore, we don't want our materials being used in weapons of mass destruction or other offensive weapons like land mines. We do allow *Twaron*® to be used in defensive applications like bulletproof vests. We also make exclusions for countries that we don't want to supply to. We do not want to partner with companies who actually harm people's lives with their product. Of course we cannot prevent someone down the line using the product in a way we don't want it to be used. However, for almost all businesses, we know the whereabouts of our products. At Teijin, we respect stakeholders, other companies and people outside who to contribute to society. This respect is also reflected in our ethical ambitions.

Antoon van den Boogaard: What does business ethics mean? Ethics is mainly a way to reflect a certain set of norms and values, or in other words, morals in a certain type of business. We can always evaluate whether this set of norms and values is still good, especially when there's a new kind of technology or a new product. You always have to ask yourself, "What is our responsibility and what does it mean for Teijin?" and "What about sensitive topics like who do you provide your service to?" Mr. Hahn says that Teijin wants *Twaron*® to only be used in defensive applications. How do you determine that? In the ballistic market even defensive products can contribute to the spiral of violence.

Christoph Hahn: Our materials should not contribute to a product that is primarily used for destruction. For example, bulletproof vests are made for protecting lives. Our criteria for not allowing supply are known among all the salespeople. In the case there are doubts, it will first be discussed at the sales department. If a clear conclusion is not reached at the sales department, it is discussed with me. If a decision still cannot be reached, the CSR Ethics Committee must become involved.

Teijin Aramid B.V.



Drs. Harrie Bosman



Mr. Gerard van den Hondel



Ir. Mark Claassen



Mr. Wessel Bruining



Mr. Tatsuya Ono

Teijin Limited

Antoon van den Boogaard: If Teijin does not deliver, someone else will. How do you deal with this?

Christoph Hahn: If it is against our principles, we don't deliver. It is the same with corruption. We don't go into businesses with bribery.

Tae Maki: How do you build up such internal discipline with regards to business ethics?

Marcel Werner: By creating awareness. Make our people aware of the dilemma when we are entering certain areas in sales. Of course there is a wide gray area where we can discuss whether things are offensive or not. This is never a clear line.

Antoon van den Boogaard: A question that can be topic of a dialogue in the company is "What is the most important motivation to improve our business?" There are internal and external drivers. External drivers can be public opinion, the image surrounding the company of Teijin Aramid, the image of its stakeholders and legislation.

Wessel Bruining: I think at heart we all feel very connected with Teijin's corporate philosophy of

"improving the quality of life," "in harmony with society." Not only on an abstract level, but also on an emotional level. We all feel very connected to that in our business.

Christoph Hahn: The intrinsic motivation is that you also want to be proud. We are very proud of the company and the product *Twaron*®. With *Twaron*® we want to contribute to society in a positive way.

Tatsuya Ono: Ethical issues are important to us and we should discuss them more. As part of sustainable management we will improve these in Japan gradually.

Tae Maki: How can a company be prepared for the risk of a potential exposure of business violations?

Antoon van den Boogaard: Part of the answer can be to care about identity. If you want to find out who we are as a company, where would be the first place to find your answer?

Wessel Bruining: We want to be a respected and proud company.

Comment from the Facilitator

The CSR to Aim for Is Business Innovation through Stakeholder Collaboration

There are varying degrees in the depth to which CSR is implemented, but an end point that should be aimed for is business innovation centered on CSR.

For example, new product development incorporating the perspective of resolving global social issues and the resulting expansion of new customers/markets and sales channels. Most of the business successes in Europe have been based on a stance that seeks to create future business chances from trends related to sustainability and using these

trends to build platforms for new activities rather than simply seeing them as risks. Stakeholders in the value chain are an essential element of this and collaboration with these stakeholders should be able to lead the way to innovative solutions.

The eco-efficiency analysis service that became a main topic in the dialogue this time is a good example consistent with this deepening process. In the future, I would like to see this linked to Teijin's global strategy based on wide-ranging trends.



Ms. Tae Maki
Manager,
KPMG Copenhagen Climate
Change & Sustainability

Comment from Teijin Aramid

Looking Back at the Dialogue

As the topic for discussion in the dialogue this time, we chose "chain responsibility," an area where an even higher level of commitment towards society is being demanded. During the preparation stage, we were in frequent contact with Mr. Ono of the CSR group, Teijin Limited and we held repeated discussions on the basis of our presentations. This worked to great effect and all participants joined in the discussion enthusiastically.

It was an ambitious attempt to cover all four

themes in depth within three hours but it was a great help that the facilitator, Mrs. Maki, had prepared the items well and that she was able to oversee the progress of the discussions. The opportunity to have this dialogue with several stakeholders sitting together at the one table was a great and positive experience for us.

On the basis of this experience, we will continue aiming to build good relationships with various stakeholders.



Drs. Marcel Werner
Manager, CSR/TRM/OHSE,
Teijin Aramid B.V.

New Expansion Underway in China and Japan

Further Expansion of ECO CIRCLE™ to Closed-loop Recycling for Polyester

The current global annual production of major fibers is approximately 78.11 million tons. Synthetic fibers account for more than half of this amount, approximately 45 million tons, of which approximately 80% is polyester. That's why we have started a new challenge of aiming to promote the widespread use of a closed-loop recycling system for polyester in China and Japan.

Activities in China

We contribute to creating systems that fit with the national strategy and respond to social issues in the world's largest polyester producing country.

China, the world's largest polyester producing country

▼ Annual production

26 million tons

(Over 60% of global production)

▼ Annual domestic input in China*

24.6 million tons

(Over 60% of global input)

Social issues

Mass generation of waste

+

Securing resources such as petroleum

+

Environmental pollution

National strategy

Energy-efficiency/Environmental Protection
specified as strategic emerging industry in the 12th five-year plan

* Domestic input in China = Production + Imports - Exports

▼ Recycling system unique to China



Creating an Original Closed-loop Recycling System Using Teijin Group Technologies and Knowledge

The polyester commonly used in apparel features high tenacity, low moisture absorption, quick drying and wrinkle resistance, and production continues to increase every year. On the other hand, the depletion of petroleum resources for use as the raw material and the large amount of waste created have been raised as issues, with calls for the need to reuse resources. In this situation, there would be a very positive effect on society if polyester recycling became widely adopted in China, the world's largest polyester producer, producing approximately 26 million tons annually, which is over 60% of global production. At the same time, the Chinese government is now promoting energy-efficiency/environmental protection as one of the strategic emerging industries in their 12th five-year plan and recycling activities are gathering momentum.

Against this backdrop, Teijin Limited announced a partnership with the China Chemical Fibers Association in 2012 to pursue business opportunities in cooperation with businesses introduced by the Association. A joint venture, Zhejiang Jiaren New Materials Co., Ltd., was established in Shaoxing, one of China's largest production bases for fiber products, and preparations are underway for operations of a closed-loop recycling system for polyester to start there by March 2014.

To date in China, there has been material recycling involving crushing and remelting of PET bottles to recycle them into polyester products, but almost no closed-loop recycling using chemical recycling technologies. Since 2009, the Teijin Group has been expanding its *ECO CIRCLE™* closed-loop recycling system for polyester based on a chemical recycling technology in China in cooperation with domestic sports apparel brands. Now, through this partnership with the China Chemical Fibers Association and Shaoxing city, and by utilizing our chemical recycling technologies and the knowledge accumulated over the ten-year span of the *ECO CIRCLE™* business, we are confident of increasing the scale of our closed-loop recycling business and achieving widespread adoption in China.

Expansion Throughout China in Partnership with Industry Organizations and National/Local Governments

Zhejiang Jiaren New Materials Co., Ltd. utilizes a chemical recycling technology to produce dimethyl terephthalate (DMT), the raw material for recycled polyester, from recovered apparel and waste textile. Predicting future growth in demand for polyester, the facility's DMT annual production capacity will be 20,000 tons in the first phase, with plans to increase this by 50,000 tons in the second phase, for a total of 70,000 tons.

Working through the China Chemical Fibers Association, our future plans are to lobby not only industry organizations and local governments but also the national government to make institutional design and legislation changes, and aim to establish a closed-loop recycling system matched to the particular circumstances in China.

Employee Voice

A Sense of Making the First Step Forward in a New Era for *ECO CIRCLE™*

After we acquired the operating license at the end of 2012, plant construction and premarketing activities started smoothly, and we began taking the first sure steps forward in a new era for *ECO CIRCLE™*. Working through the China Chemical Fibers Association, we will lobby the Chinese government to make the institutional design and legislation changes needed to establish a closed-loop recycling system and promote expansion of *ECO CIRCLE™* to all parts of China.



Nobuyoshi Miyasaka

Deputy General Manager
Zhejiang Jiaren
New Materials Co., Ltd.

What is *ECO CIRCLE™*?

ECO CIRCLE™ is a closed-loop recycling system that utilizes a chemical recycling process to remove impurities from recovered used polyester products, decompose them to the molecular level and purify them to raw materials of the same quality as those made from petroleum. *ECO CIRCLE™* recycling realizes an approximate 80% reduction in CO₂ emissions compared to newly producing polyester feedstock from petroleum. Many partner companies who have a shared resolve to utilize this system have joined the project, and since 2002, we have built up a network of over 150 companies.

Chemical Recycling Process



ECO CIRCLE™

Activities in Japan

We provide children with an experience of recycling through a gym uniform recycling project in partnership with local governments.

Kyoto, a Model for the Gym Uniform Recycling Project Supported by the Local Government

In chemical recycling, polyester fiber is recycled multiple times, so the ratio of polyester fiber in the recovered clothes needs to be high enough for recycling to be viable. School gym uniforms are well suited in this regard because the main material is polyester featuring quick-drying as a consequence of the fact that they often become dirty and need to be washed frequently. This was noticed by three parties; namely, environmental producer Mr. Tatsuhei Okabe, Asahi Kasei Fibers Corporation and Teijin Frontier Co., Ltd. (formerly Teijin Fibers Limited), who created a joint project in progress since 2007 that utilizes ECO CIRCLE™ and targets schools all over Japan called "Gym uniforms! Have a nice trip and welcome back."

Kyoto city started support for the project after Kyoto public schools began participating in 2012. This encouraged 49 public schools in Kyoto to join the project and the case has become a future model for expanding the number of participating schools.

▼ Example of project in Kyoto

Approx. 100,000 students
in Kyoto public schools = **6,458** bags
of waste (30L bags)

Gym uniforms for 100,000 students:
Equivalent to



A Clever Catchphrase Encouraging Recycling Awareness in Children

Although clothes are an indispensable part of life, awareness about recycling them has yet to permeate widely in society as evident in the fact that most old clothes are still disposed of as waste. That's why we suggest to schools participating in the project that they encourage students to say "Have a nice trip" to their gym uniforms

when they hand them over to teachers. This helps to remind children that the uniforms will be recycled and returned to them as new clothes and is a good tool for instilling a high level of awareness about recycling.

Towards Expansion to All Schools in Japan

The "Gym uniforms! Have a nice trip and welcome back" project is now in its fifth year and continues to gradually increase in scale. We plan to expand the project nationwide using Kyoto as a model for proposals to local governments throughout Japan and promote recycling awareness among an even greater number of children.

Employee Voice

Hoping to Expand the Project with the Help of All Related Parties

While the support provided by local governments to schools and children made it possible for many schools to join the project, we also need the understanding and cooperation of apparel stores and manufacturers. I hope that full cooperation of all related parties will allow us to further expand this project and that the everyday gym uniform will become a tool to teach children about the satisfaction of looking after things properly and a way for them to experience recycling.



Miwa Yoshida

Sports & Lining Section
Sports Inner Sales Department
Teijin Frontier Co., Ltd.

Students handing over old gym uniforms to Kyoto Mayor Mr. Kadokawa (left) and saying "Have a nice trip!" at a ceremony in July 2012.

Future Challenge:

Recycle Polycarbonate and Aramid Fibers Too

The Teijin Group is also undertaking the challenge of recycling the engineering plastic, polycarbonate (PC), as well as advanced fibers such as aramid fibers. In 2005, at a pilot plant, we started continuous operations to chemically decompose and recycle PC resin, aiming to realize the world's first practical implementation of this process. To recycle aramid fibers, we recover waste fiber and aramid fiber scraps, and after processes including sorting and quality testing, we recycle them into thread or pulp form.



Polycarbonate



Aramid pulp

The 10-year History of ECO CIRCLE™

2002

- ECO CIRCLE™ closed-loop recycling system begins

2004

- ECO CIRCLE™ recycling of uniforms with Heiwado begins
- ECO CIRCLE™ receives the Environment Minister's Award for Global Warming Prevention Activity (Japan)



"Fiber to fiber" recycling facility at the start of the project

Number of ECO CIRCLE™ member companies
Approx. 30 companies

2005

- US company Patagonia, Inc. becomes the first non-Japanese company to join ECO CIRCLE™

2005
Approx. 70 companies

2008

- ECO CIRCLE™ FES '08 is held to promote ECO CIRCLE™ among general consumers
- ECO CIRCLE™ Garment Accessories Association is formed

2008
Approx. 100 companies



ECO CIRCLE™ FES '08

2009

- First non-Japanese member joins the ECO CIRCLE™ Garment Accessories Association
- Li Ning Co., Ltd., one of China's leading sports apparel companies, becomes the first Chinese company to join ECO CIRCLE™

2009
Approx. 120 companies

2010

- ECO CIRCLE™ receives an ICIS Innovation Award in the category of Innovation with Best Environmental Benefit

2012
Approx. 150 companies



Awards ceremony of eco japan cup 2012

2013

- ECO CIRCLE™ receives Environmental Business Award at eco japan cup 2012

2012

- ECO CIRCLE™ is used to recycle uniforms for the first time in China

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Aiming to Realize a Sustainable Society

As we celebrate the 10th anniversary of ECO CIRCLE™, we would like to express our sincere appreciation to member companies and customers for participating in the project and supporting the concept. When the project began in 2002, ECO CIRCLE™ was mainly being applied to company uniforms and interior items but this has now expanded to diverse uses including sports/outdoor and material applications.

The Teijin Group has set environment and energy as one of the five key fields of its

growth strategy in its Medium- to Long-term Management Vision. With this in mind, and with the cooperation of member companies and users, we will make strong efforts to further expand the applications of the environmental technology-based ECO CIRCLE™ globally, ultimately seeking to contribute to reduced environmental impact and a sustainable society.

Jun Suzuki
Executive Officer, Member of the Board
Teijin Limited



News Flash

Major topics relating to FY2012 Teijin Group CSR activities are presented below.

A Resin Material Enabling New and Lighter Automobile Body Designs



A current challenge in the automotive industry is reducing vehicle body weight to enable enhanced fuel efficiency. Part of this is the trend towards the use of resin for automotive parts such as windows, frames and body components. Till now though, it has been difficult to satisfy the needs for dimensional precision, moldability and appearance characteristics for large parts such as rear doors and fenders.

In July 2012, as a solution to these issues, Teijin Chemicals, Ltd. announced the new material *Panlite*® AM-9937F, a co-development with Toyoda Gosei Co., Ltd. This polymer alloy is made by combining polycarbonate and polyester resin, and will enable automotive manufacturers to reduce the weight of components such as exterior panels by approximately 20% compared to metal.

Panlite AM-9937F also features high dimensional precision and excellent appearance characteristics. Its moldability allows designs previously unachievable due to the limitations of conventional metal and it has recently been adopted in the Lexus HS250h premium sedan.



Lexus HS250h (photo courtesy of Lexus)

Luggage door garnish made using *Panlite* AM-9937F



Mass-production Technology to Mold Automobile Bodies in One Minute Wins Nikkei Environmental Technology Award



In March 2011, the Teijin Group successfully developed a new material, thermoplastic carbon fiber reinforced plastic (CFRP), and established a mass-production technology to mold components such as automobile bodies in one minute. This technology was highly evaluated and received the Award for Excellence in the 2012 Nikkei Environmental Technology Awards (sponsored by Nippon Keizai Shimbun) in October 2012.

In December 2012, a pilot plant for mass production of thermoplastic CFRP composite products* was constructed at the Teijin Limited Matsuyama Factory.

* Composite products: Products made combining different materials, such as fiber and resin, possessing characteristics that cannot be acquired independently.



Awards ceremony

Teijin's Bio-derived Polyester Fiber Used in Nissan Leaf Electric Vehicle



In November 2012, the *ECO CIRCLE*™ Plantfiber bio-polyester was selected for use in the seats and interior trim* surface of the 100% electric Nissan Leaf.

Approximately 30% of *ECO CIRCLE*™ Plantfiber's composition is bio-derived yet it still offers the same characteristics and quality of petroleum-derived polyester. Teijin Limited aims to increase sales of *ECO CIRCLE*™ Plantfiber to over 50% of its total polyester fiber sales for automotive seats and interiors by FY2015.

Nissan Leaf



ECO CIRCLE™ Plantfiber is used for the seats, part of the door trim, headrests and center armrest.

* Interior trim: Upholstery inside automobiles.

Plans to Build a Large-scale Solar Power Generation Facility at Mihara Factory



Teijin Limited will build a large-scale solar power generation facility capable of generating 1,990 kilowatts of power on unused land at its Mihara Factory (in Mihara, Hiroshima). The facility will cover an approximate area of 37,500 m² and will start generating power from July 2013.

It will be the first solar power generation facility with a capacity of over 1 megawatt in Mihara and the amount of power generated annually (average over 20 years) is estimated to be approximately 2.9 million kilowatt-hours, enough power for 530 standard households. We plan to sell all of the generated power to Chugoku Electric Power Co., Inc.

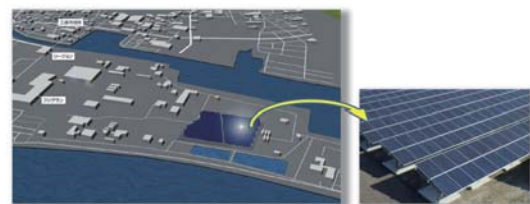


Image of the completed facility

Matsuyama Factory Continues Power Supply to Shikoku Electric Power Co., Inc.



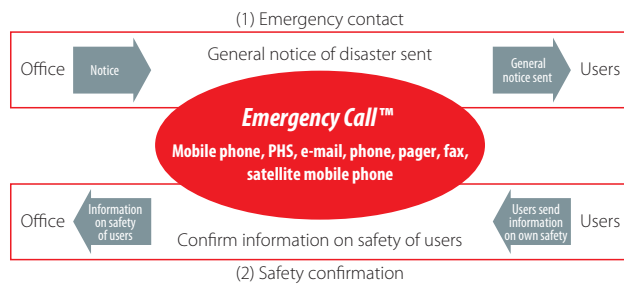
For almost three months from July 2 to September 28, 2012, the Teijin Limited Matsuyama Factory (in Matsuyama, Ehime) supplied surplus electricity (2,000 to 3,000 kilowatts per hour) from its in-house power generation facility to Shikoku Electric Power Co., Inc., which had expressed concerns about power shortages in the summer of 2012. Power is still being supplied as requested by Shikoku Electric Power, and this is expected to continue through 2013.

Infocom's Emergency Contact/Safety Confirmation System Receives Special ASPIC Chairperson's Award

Society

Infocom Corporation's *Emergency Call™* system received the Special ASPIC Chairperson's Award in the ASP-SaaS division of the ASP-SaaS Cloud Awards 2012 sponsored by the non-profit organization, ASP-SaaS-Cloud Consortium. *Emergency Call™* is a service designed to secure quick and reliable contact and safety confirmation through diverse communication means at the time of an emergency or disaster. It has been adopted by over 600 organizations including large corporations and government offices.

How Emergency Call™ Works



The Gifu Factory of Teijin DuPont Films Receives Award for Excellence from Japanese Government

Society

The Gifu Factory of Teijin DuPont Films Japan Limited received the 2012 Minister of Health, Labor and Welfare Award for Excellence presented to workplaces, organizations or individuals who have made outstanding contributions to safety and health. Winners of this award must have maintained a very high standard of safety and health over a long period, made significant contributions to improving and developing the safety and health standards of a region, organization or related workplace, and be considered an exemplary model for others.

Joint Development of Flame-resistant Products for HomeUse with Nitori Co., Ltd.

Society

Since August 2012, Teijin Limited and Nitori Co., Ltd. have been jointly promoting a project to develop new functional products. In October 2012, the N-Guard Flame-resistant Series of bedding and interior fiber products for ordinary residential use was developed as the second product series in the project and products are being launched successively.

In Japan, residential fires are caused by ignition of bedding in approximately 14% of cases (source: 2011 Firefighting White Paper). These products have been designed with the aim of contributing to the prevention of fires using a unique fiber structure that suppresses the spread of flames.



Experiment performed by Nitori to compare combustion 87 seconds after ignition

Teijin Named to Multiple Socially Responsible Investing Indexes

Environment

Society

Teijin Limited was named to the Dow Jones Sustainability World Index (DJSI World), a global benchmark for socially responsible investing (SRI), for the fourth consecutive year. Teijin Limited is the only Japanese company among the 11 firms in DJSI World's chemical sector. In total, 340 companies were selected for the 2012 index (including 20 Japanese companies). Teijin Limited was also included once again in the FTSE4Good Index and the Ethibel Sustainability Index.

In FY2012, Teijin Limited was selected for inclusion in the Carbon Disclosure Leadership Index (CDLI) for the first time. The index examines approximately 5,000 companies worldwide including 500 major Japanese companies. Companies are selected for inclusion on the basis of their approach to climate change, which is evaluated from the viewpoints of disclosure and performance. Inclusion in the index indicates excellence in disclosure of data related to climate change. A total of 22 Japanese companies were named to the index and Teijin Limited was one of only two Japanese companies selected in the materials sector.



Two Textile Group Companies in Thailand Receive Awards From Thai Government

Society

In July 2012, Teijin Cord (Thailand) Co., Ltd. (TCT) received the National Occupation Safety and Health Award, the most prestigious safety award in Thailand, for the fifth consecutive year from the Thai government (Ministry of Labor).

Additionally, in November 2012, Teijin Polyester (Thailand) Limited (TPL) received the Award for Excellence in Labor Relations and Welfare for the 10th consecutive year, also from the Thai Ministry of Labor. Of the 718 companies that received the award in FY2012, TPL was one of only six companies which have received the award for 10 years in a row.



Awards ceremony for the National Occupation Safety and Health Award



Awards ceremony for Award for Excellence in Labor Relations and Welfare

CSR Management 4.8 4.9 4.12 4.13

The Teijin Group has appointed a Chief Social Responsibility Officer under whose strong leadership we are implementing comprehensive group-wide CSR management. We classify various CSR issues into three fields, and have created a CSR management system that is appropriate to each respective field.

CSR Basic Policy (2012–2015)

1. To recognize common value of business strategy and CSR management as a driving force toward sustainable development of the society
2. To contribute to Teijin's achieving the global excellence as a global player, by obtaining and maintaining a global recognition as "CSR champion" in Teijin's way.
3. To realize "co-existence with global environment" by actively promoting environmental management.
4. To help realize improvement of "Quality of Life," by providing safe and reliable products and services.
5. To be recognized as a benchmark of Basic CSR activities such as compliance and risk management by their thorough implementation.
6. To build "Win-Win" relationships with stakeholders in and outside the Teijin Group by two-way dialogues and active involvement in their development and enhance their satisfaction.

Features of Activities to Promote CSR

We consider CSR to be an important element of corporate management, and aim to promote CSR as an integral part of management. We have created the new post of Chief Social Responsibility Officer to act as proxy for the Chief Executive Officer (CEO) in managing all CSR-related affairs and we are promoting activities under the strong leadership being shown.

To implement the Teijin Group's CSR management in a unified, efficient manner, various CSR issues are classified into three fields, "basic," "expansive" and "selective." A main division/organization in charge is specified for each field, and starting with planning for the medium- to long-term and single fiscal years, we implement the Plan, Do, Check, Act (PDCA) approach.

Basic CSR

The Teijin Group's "basic" CSR is directly controlled and supervised by the Chief Social Responsibility Officer. While observing laws and international standards, we are striving to reach a level beyond these standards.

Expansive CSR

In this field, human resources/labor is directly controlled and supervised by the Chief Human Resources Officer, and purchasing/procurement to meet supply chain needs by the General Manager of the Raw Materials, Polymers & Procurement Division. As of recently, in order to respond to advancing social needs, the Chief Social Responsibility Officer advises/supports the

Chief Human Resources Officer and the General Manager of the Raw Materials, Polymers & Procurement Division on "expansive" CSR issues.

Selective CSR

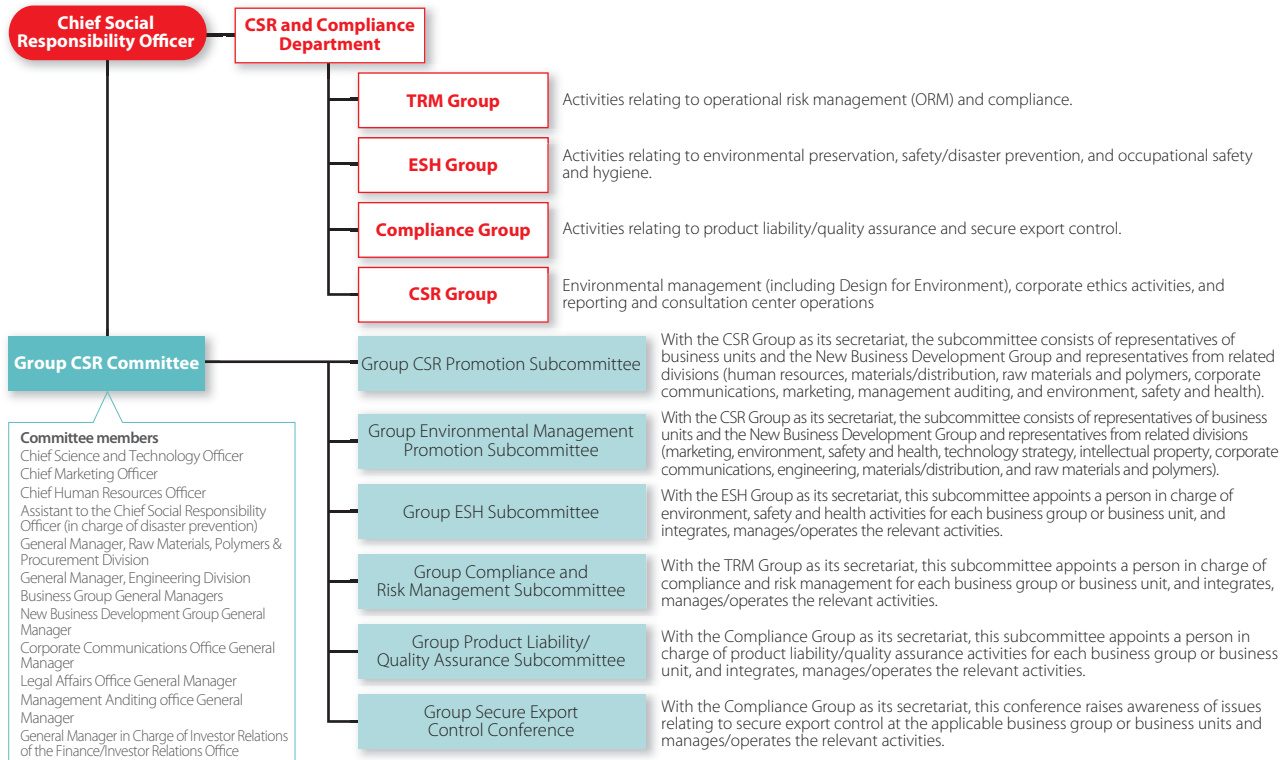
In "selective" CSR, companies conduct voluntary activities irrespective of legal obligations. The Teijin Group is proactively engaged in this field and is strongly committed to various social contribution activities.

The Teijin Group CSR Pyramid



The Teijin Group's CSR Management System

From April 1, 2013



The Teijin Group has made changes to its organizational system as of April 1, 2013.

Role of the Teijin Group CSR Committee

The Teijin Group has established the Group CSR Committee to discuss and take action on key issues and initiatives relating to group-wide CSR. The Committee meets twice a year: in FY2012, meetings were held in May and October. The main agenda included serious risk and countermeasures, disaster prevention and occupational safety measures, enhancing operations of the product liability/quality

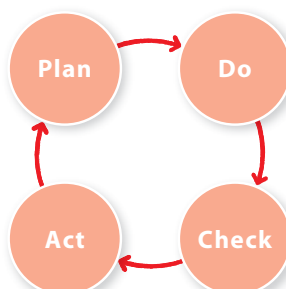
assurance system, and promoting environmental management.

Under the Group CSR Committee, there are six subcommittees or conferences. Four of these subcommittees discuss and address "basic" CSR issues, a focus of the Teijin Group. "Expansive" and "selective" CSR issues are discussed and addressed by the Group CSR Promotion Subcommittee consisting of representatives from the related divisions of Teijin Limited and representatives of business units and the New Business Development Group.

PDCA Approach to CSR Activities

- **Long-term policies:**
Corporate philosophy, Corporate Code of Conduct, Corporate Standards of Conduct
- **Environmental policy:**
Mid- and long-term environmental targets
- **Action plans:**
Mid- and short-term CSR action plans

- Chief Social Responsibility Officer specifies next year's challenges
- Report to the Group CSR Committee



- **Teijin Group programs:**
As part of short-term plans, each division implements measures relating to environmental protection, safety/disaster prevention, product liability/quality assurance, compliance, risk management, human resources/labor, purchasing/procurement, and social contributions.
- **Business group programs:**
Implement respective plans at individual companies.
- Self-check by CSR-related division of the Teijin Group (included in the CSR Report) (see pages 23–26)
- Self-check by business groups
- Assurance by an assurance provider
- Chief Social Responsibility Officer review (see page 29)
- Assessment and guidance by four external experts (see pages 61–62)
- SRI assessment

Start of Standards to Promote Understanding of ISO 26000 – Utilization in Self-checks of CSR Activities

One of the items in the Teijin Group's CSR Basic Policy is "To contribute to Teijin's achieving the global excellence as a global player, by obtaining and maintaining a global recognition as "CSR champion" in Teijin's way."

As initiatives to realize this, in FY2011, we invited independent outside experts to the Group CSR Committee and educated business group representatives about ISO 26000, international standards for social responsibility. In FY2012, we checked Teijin Group CSR activities against ISO 26000 core subjects/issues, and reconfirmed the current status of our activities (see page 63).

To make future improvements, we will identify new issues through dialogues with stakeholders and experts, and at the same time, we will promote greater awareness of employees through education/training and the internal newsletter.

Participation in the Global Compact

Teijin Limited joined the UN Global Compact* in March 2011. Participation in this global initiative for sustainable development is voluntary. Participating companies are required to follow the 10 basic principles of the Global Compact relating to "the protection of human rights," "the elimination of all forms of forced and compulsory labor," "initiatives to promote greater environmental responsibility," and "anti-corruption."

As a global company, in order to practically implement high-quality CSR management, in FY2011, the Teijin Group reviewed its Corporate Code of Conduct and Corporate Standards of Conduct based on the principles of the UN Global Compact. In addition, in terms of business activities, we clarified policies to practically implement the basic principles such as respecting human rights. In FY2012, through the internal newsletter and the Corporate Ethics Month Campaign, we promoted greater understanding by employees of the UN Global Compact and the Corporate Code of Conduct and Corporate Standards of Conduct.

* UN Global Compact: A set of voluntary corporate-action principles proposed by the former Secretary General Kofi Annan during the World Economic Forum (Davos Forum) held in January, 1999.

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Global Compact Japan Network meeting held at the NYK Hikawamaru

Looking Back at FY2012 CSR Activities

In FY2012, we made steady progress in a wide range of CSR activities in areas such as compliance, risk management (operational risk management [ORM]), ESH, product liability/quality assurance and social contributions.

The following focuses on advances made in strengthening ORM and enhancing product liability/quality assurance activities.

1) Strengthening ORM

From FY2012, with the aims of quantifying and visualizing risk, we used a new risk classification chart to comprehensively identify various risks relating to operational management, and created a “risk map.” Moreover, from within this risk map, we identified/evaluated serious risks that need to be addressed and, together with businesses, we promoted countermeasures for serious risks, such as making improvements to business continuity plans (BCPs) to ensure their effectiveness as a measure to counter the risk of a large earthquake.

2) Enhancing product liability/quality assurance activities

In FY2012, with the aim of ensuring the full functioning of quality assurance systems of businesses that have products with high risk related to people’s safety, we confirmed the implementation status of recurrence measures for past serious product claims and shared information on current issues group-wide. This was implemented through the Group CSR Committee, the Group Product Liability/Quality Assurance Subcommittee and product liability/quality assurance audits. Continuing on, we will review the standards/regulations and system/mechanisms of product liability/quality assurance.

While advances such as these have been made, accidents

also occurred that require serious reflection. At chemical plants of overseas subsidiaries, two accidents occurred, which although small-scale, involved leakage of chemical substances. Fortunately, there was no effect on the environment, but we regrettably caused much concern among local residents. As a chemical company, the Teijin Group regularly focuses on measures to prevent explosions, fires, leakages of hazardous substances and workplace accidents such as rotor accidents, but we will seek to raise our activities to an even higher level in the future.

In FY2013, in line with group-wide structural reforms, we changed the organizational system for CSR functions from a three-office system (Risk Management Office, ESH Office and CSR Planning Office) to a system of one department and four groups (CSR and Compliance Department, and TRM Group, ESH Group, Compliance Group and CSR Group), and we are expanding CSR activities under this new system which has a clearer division of roles.

As the Chief Social Responsibility Officer, I will work to steer a forward course for the CSR management of the Teijin Group and I look forward to the guidance and support of all stakeholders.



Osamu Nishikawa

Senior Executive Officer,
Representative Director of the Board,
Chief Social Responsibility Officer
Teijin Limited

FY2012 Plans, Goals, Performance and Self-evaluations

The Teijin Group organizes CSR issues into three categories; Basic, Expansive and Selective. We set mid-/long-term and fiscal-year goals for each area and self-evaluate achievements to reflect them in the goals for the next fiscal year.

CSR issues		Mid- and long-term goals	FY2012 goals	
Corporate governance		Enhance corporate governance and ensure compliance with laws and regulations.	Respond appropriately to reorganization of the Teijin Group and group companies and reinforce/improve governance further.	
CSR general		Keep careful track of social demands and use the knowledge gained to enhance management.	Identify issues through continuing to hold stakeholder dialogues (at least once a year).	
		Instill and enhance CSR activities by applying CSR performance indicators.	Apply CSR performance indicators to all core companies (100%).	
		Promote common CSR education.	Promote understanding of ISO 26000.	
Basic CSR	Corporate ethics/Compliance	Promote corporate ethics/compliance education activities.	Publish the 4th edition of the Corporate Ethics Handbook in July 2012.	
			Have all Teijin Group employees participate in the Corporate Ethics Workshop for All Employees.	
			Hold global compliance meetings organized by Teijin Limited (at least two locations a year).	
		Operate the consulting and reporting center.	Continue to promote use of the consulting and reporting center in the Teijin Group.	
	Risk management	Increase recognition and enhance risk management activities.	Promote risk management using the risk countermeasures sheet (achieve submission rate of the risk countermeasures sheet of at least 90% in Japan and at least 50% overseas).	
			Continue to implement earthquake drills (in Japan, conduct EMC reporting drills at all group companies and evacuation drills at all business sites twice a year).	
		Create and improve BCPs.	Expand BCPs to directly managed companies.	
	Product liability/Quality assurance	Secure globally high level of effectiveness.	Continue to implement measures for enhanced operation.	
			Continue secure export control operations.	
Expansive CSR	Human resources/Labor	Promote work-life balance measures. Promote work-life balance as a platform to "accelerate globalization and diversity" as part of the reform of the human resources portfolio in the medium- to long-term management vision "CHANGE for 2016."	Enhance our various systems and increase users.	
			Expand definition and awareness of work-life balance.	
		Promote diversity.	Increase the ratio of career-oriented female employees. • Maintain the hiring ratio of career-oriented female university graduates at 30% or more.	
			Increase the ratio of female employees in managerial positions.	
			Promote greater awareness about diversity.	
		Establish global human resources management. Instill the Teijin way at all group companies and promote recruitment of global human resources.	Expand the training locations of group-wide leadership training program, EaGLES, and increase the number of employees taking the course.	
			Increase the number of overseas employees selected for the core human resources training program.	
	Purchasing/Procurement	Formalize and enhance activities for CSR procurement.	Evaluate the CSR performance of suppliers through surveys and provide improvement guidance.	
			Expand cooperation with other companies in CSR procurement activities.	
			Work towards full-scale CSR procurement activities in China.	
Selective CSR	Social contributions	Manage group-wide donations (monetary and other) and support volunteer activities of employees.	Continue to spend at least 1% of current profits on donations converted to a monetary value.	
			Expand the volunteer support program.	

The Teijin Group CSR Pyramid

Selective CSR

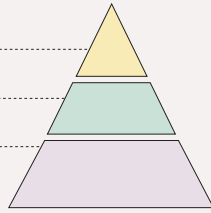
Social contribution activities

Expansive CSR

Human resources/Labor; Purchasing/Procurement

Basic CSR

Compliance; Risk management; Environmental preservation, Safety and disaster prevention, and Health; Product liability/Quality assurance



Self-evaluation Ratings A: Goals achieved B: Goals achieved to a certain extent C: Inadequate

	FY2012 performance and results	Self-evaluation	FY2013 challenges	Reference page(s)
	Upgraded governance systems with respect to company and group reorganization.	A	Review corporate governance periodically.	P27
	Held a dialogue at Teijin Aramid B.V.	A	Identify issues through continuing to hold stakeholder dialogues (at least once a year).	P7–12
	Not necessary to instill individual CSR performance indicators because of group company integration and structural reorganization.	C	—	P19–22
	Improved understanding of Teijin Group activities in relation to ISO 26000 core subjects.	B	Instill and enhance CSR activities through employee training and the internal newsletter.	P19–22
	Published revised version of the Corporate Ethics Handbook in July 2012 (4th edition).	A	Revise versions of the Corporate Ethics Handbook for China and the US.	P29–30
	Participation rate in the Corporate Ethics Workshop for All Employees: Japan: 91%. Overseas: 50%.	A	Have all Teijin Group employees participate in the Corporate Ethics Workshop for All Employees.	P30
	Held a global compliance meeting in China in January.	B	Hold global compliance meetings (at least two locations a year).	P29
	Japan: Responded to 40 cases of reporting/consultation and continued total disclosure of operating status within the group. Overseas: Made preparations to set-up Customers' Reporting Desk on global website (English).	B	Set-up Customers' Reporting Desk on global website (English).	P30
	With the aim of refining risk assessment, created a new risk countermeasures sheet and used it to promote risk management (submission rate of new risk countermeasures sheet of 85% in Japan and 63% overseas).	A	Formalize risk management using the new risk countermeasures sheet.	P30
	At all group companies in Japan, implemented EMC reporting drills and evacuation drills twice in the year.	A	Continue to implement earthquake drills (in Japan, implement EMC reporting drills at all group companies and evacuations drills at all business sites twice a year).	P30
	Lateral expansion of BCPs to directly managed companies.	B	Continue to expand BCPs to directly managed companies. Review and formalize simulated earthquake damage.	P30
	Discussed system maintenance after organizational reforms. Continued to hold group product liability/quality assurance training.	A	Continue to implement measures for enhanced operation.	P31–32
	Held a group secure export control conference in September and shared information on law amendments and trading performance within the group.	A	Continue secure export control operations.	P32
	Created handbook for female employees relating to issues before and after maternity leave/pregnancy.	A	Review systems (operations) with a view to enhancing work–life balance and motivation and increase users.	P35
	Surveyed work-at-home system users (22 responses; response rate of 71%).	A	• Childcare part-time work system.	P35
	The number of work-at-home system registrants was 33 (including 5 men).	A	• Work-at-home system.	P35
	The number of employees taking childcare leave was 187 (including 33 men).	B	• Childcare leave system.	P36
			• Nursing care leave system.	
	Raised awareness and introduced systems through level-based workshops (e.g., new recruits, newly assigned section/department managers).	A	Expand definition and increase awareness of work–life balance. • Hold awareness-raising seminars on successfully combining work and family care. • Workshops on work–life balance systems targeting newly assigned managers.	P35
	The ratio of career-oriented female employees was 17%. The hiring ratio of career-oriented female university graduates was 31%.	A	Accelerate female career development. • Maintain the hiring ratio of career-oriented female university graduates at 30% or more. • Take positive action in the pharmaceutical sales division (career development support for female MRs).	P35
	The ratio of female employees in managerial positions was 3.8%.	A	Increase the ratio of female employees in managerial positions.	P35
	A total of 44 participants took part in the 1st/2nd female leadership trainings.	A	Continue to hold female leadership training.	P35
	Raised awareness through internal-use diversity handbook called “together” (published annually) and the internal newsletter (published six times a year).	B	Promote greater awareness about diversity. • Publish internal-use diversity handbook called “together.”	P34
	Surveyed department managers regarding promotion of diversity (71 responses; response rate of 56%).	A	• Post articles in the internal newsletter.	P34
	Held EaGLES training in four regions (EU, USA, China and Japan). The number of participating companies increased in EU, USA and China (by one company in the EU, and two each in the USA and China).	A	Secure, discover and develop outstanding human resources in an open manner. • Enhance global recruitment competitiveness. • Maintain infrastructure for optimum assignment and utilization of human resources. • Continue/Expand EaGLES.	P34
	The number of overseas employees selected was 21 (out of a total of 212).	A	Follow-up on selected overseas human resources.	P33
	The number of major suppliers evaluated was 511 companies.	A	Evaluate the CSR performance of suppliers through surveys and provide guidance for improvement. Select and evaluate/rate main suppliers: 500 companies or more.	P37–38
	Started cooperation with Asahi Kasei Corp. in CSR procurement activities. (Toray Industries, Inc. & Teijin Limited → Toray Industries, Inc., Teijin Limited and Asahi Kasei Corp.).	A	Expand cooperation with other companies in CSR procurement activities.	P37–38
	• Raised awareness of CSR procurement policy and activities in China. • Conducted a trial CSR supplier survey on Chinese suppliers of the Teijin Group.	B	Work towards full-scale CSR procurement activities in China.	P37–38
	Spending on social contribution activities totaled 1.0 billion yen (10% of current profits).	A	Continue to spend at least 1% of current profits on donations converted to a monetary value.	P39
	Donated 100,000 yen each to four volunteer organizations that employees participate in.	A	Expand the volunteer support program.	P40

CSR issues		Mid- and long-term goals	FY2012 goals	
Basic CSR	ESH general	Enhance ESH management.	Conduct ESH audits in Japan and overseas. Audit I: Conduct at 31 sites. Audit II: Conduct once a year at eight business groups, New Business Development Group and Raw Materials and Polymer Division. Audit III: Conduct once a year at eight business groups, New Business Development Group, Raw Materials and Polymer Division and three directly managed companies.	
			Hold ESH training in Japan and overseas. Japan: At least once a year. Overseas: At least once every two years.	
			Hold an ESH compliance internal auditor training course (at least once a year).	
	Environment	Environmental management	Newly establish the Teijin Group Environmental Management Promotion Subcommittee and review the overall system to promote environmental management activities.	
			Calculate avoided CO ₂ emissions using the c-LCA method.	
		Efforts to prevent global warming	Group-wide: Achieve a CO ₂ emissions* ¹ reduction ratio* ² of 1% or more per year (compared to the level in the base year FY2011). Japan: Reduce CO ₂ emissions* ¹ by 20% or more compared to the FY1990 level by FY2020.	Group-wide: Achieve a CO ₂ emissions reduction ratio of 1% or more per year (overseas targets are integrated into group-wide targets). Japan: Reduce CO ₂ emissions by 20% or more compared to the FY1990 level by FY2020.
			Reduce CO ₂ emissions per unit of transportation amount by 1% or more compared to the previous year's level.	Reduce CO ₂ emissions per unit of transportation amount by 1% or more compared to the previous year's level.
		Managing/Reducing chemical substance emissions	Reduce chemical substance* ³ emissions by 80% or more compared to the FY1998 level by FY2020.	Maintain proper management of the group-wide chemical substance emissions.
			Adopt LIME2, the second version of the Life Cycle Impact Assessment Method Based on Endpoint Modeling (LIME) developed in Japan and focus on reducing chemical substances that have a large environmental impact.	Continue to promote chemical substance reduction through use of LIME2.
		Waste reduction	Group-wide: Reduce "waste with no effective use* ⁴ " by 85% or more compared to the FY1998 level by FY2020. Group-wide: Achieve zero emissions* ⁵ at all major business sites in Japan and overseas. Japan: Excluding coal ash and similar waste, endeavor to reduce the amount of waste generated, and achieve zero emissions* ⁵ for group companies in Japan. Japan: Reduce the total waste generated per unit of production amount by 1% compared to the preceding fiscal year.	Group-wide: Reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020. Japan: Reduce the total waste generated per unit of production amount by 1% compared to the preceding fiscal year.
		Design for Environment	Design products/services with less environmental impact.	Instill the Design for Environment concept both internally and externally.
		Environmental business	As sustainable solution proposals, strive to increase the widespread use of environmentally friendly products, technologies and systems.	Develop technologies and promote products to realize advanced materials contributing to the reduction of CO ₂ emissions and recycling of resources and water.
	Disaster prevention	Achieve zero serious accidents.	Enhance disaster prevention management.	
			Implement disaster prevention assessment at one plant and mini disaster prevention assessment at six plants.	
		Take measures for 19 buildings under a 2006 revision of the Promotion of Building Earthquake-resistance Reinforcement Law.	Take measures for 18 remaining buildings under a 2006 revision of the Promotion of Building Earthquake-resistance Reinforcement Law.	
	Occupational Safety and Health	Maintain the annual lost time injury frequency rates at under 0.3.	Maintain the lost time injury frequency rates at under 0.25.	
			Enhance recognition of the three major occupational accident prevention guidelines.	
		Strengthen measures for early prevention through creating an easily approachable counseling environment and increased interview opportunities.	Diagnose stress levels at all workplaces and continue activities to improve workplace environments.	
			Enhance the individual counselling system to promote healthy minds and bodies.	

*1 CO₂ emissions include methane and N₂O emissions.

*2 CO₂ emissions reduction ratio: Reduction ratio of absolute CO₂ emissions when setting FY2011 as the base year (previously, this was described as CO₂ emissions per unit of production amount).

*3 Chemical substances: 462 chemical substances listed as Class 1 chemical substances in the Chemical Substances Management Law (Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management) revised in April 2010, and 433 substances specified by the Japan Chemical Industry Association. Excluding duplicated listings, there are 575 specified chemical substances.

The Teljin Group CSR Pyramid

Selective CSR

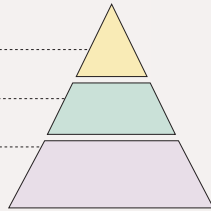
Social contribution activities

Expansive CSR

Human resources/Labor; Purchasing/Procurement

Basic CSR

Compliance; Risk management; Environmental preservation, Safety and disaster prevention, and Health; Product liability/Quality assurance



Self-evaluation Ratings A: Goals achieved B: Goals achieved to a certain extent C: Inadequate

	FY2012 performance and results	Self-evaluation	FY2013 challenges	Reference page(s)
	Conduct ESH audits in Japan and overseas. Audit I: Conduct at 29 sites. Audit II: Conducted at five business groups, New Business Development Group, Raw Materials and Polymer Division and three directly managed companies. Audit III: Conducted at five business groups, New Business Development Group, Raw Materials and Polymer Division and three directly managed companies.	B	Conduct ESH audits in Japan and overseas. Audit I: Conduct at 31 sites. Audit II: Conduct once a year at five business groups, New Business Development Group and Raw Materials and Polymer Department. Audit III: Conduct once a year at five business groups, New Business Development Group, Raw Materials and Polymer Business Department and three directly managed companies.	P41–42
	Japan: Held training at the Osaka head office (July). Overseas: Held mini-workshops (one each in Singapore and Thailand).	A	Hold ESH training in Japan and overseas. Japan: At least once a year. Overseas: At least once every two years.	P41
	Held training courses at the Osaka head office (January) and Matsuyama Factory (February).	A	Hold an ESH compliance internal auditor training course (at least once a year).	P42
	Started Environmental Management Promotion Subcommittee and held meetings (twice).	B	Review mid-term targets (environmental management indicators).	P43
	Held LCA training (six times) and reviewed the framework for future implementation.	B	Increase the number of LCA-evaluated products and formulate guidelines.	P43
	Group-wide: 9% reduction compared to the FY2011 level. Japan: 51.1% reduction compared to the FY1990 level.	A	Group-wide: Achieve a CO ₂ emissions reduction ratio of 1% or more per year (compared to the level in the base year FY2011). Japan: Reduce CO ₂ emissions by 20% or more compared to the FY1990 level by FY2020.	P45–46
	CO ₂ emissions per unit of transportation were 0.58% worse than in FY2011.	C	Promote measures such as further expansion of modal shift initiatives, improved loading efficiency through batch transportation and reduced number of shipments. From April 2013, through a joint initiative with a leading logistics company, start transportation using a roll-on roll-off vessel for product shipments from the Matsuyama Factory to the Kanto district.	P46
	69% reduction in chemical substance emissions compared to the FY1998 level.	C	Promote the reduction of total chemical substance emissions geared towards achieving mid- to long-term targets.	P47
	• Indicated priority reduction substances by business and implemented follow-ups. • Reported progress to the LCA Japan Forum.	A	Continue to promote chemical substance reduction through use of LIME2. Start reviewing factors causing environmental impact other than chemical substances.	P47–48
	Group-wide: Reduced “waste with no effective use” by 92% compared to the FY1998 level. Japan: Improved the total waste generated per unit of production amount by 6% compared to the FY2011 level.	A	Group-wide: Reduce “waste with no effective use” by 85% or more compared to the FY1998 level by FY2020. Japan: Reduce the total waste generated per unit of production amount by 1% compared to the preceding fiscal year.	P49
	Received first application for approval from overseas.	C	Review measures to promote Design for Environment (e.g., review guidelines).	P52
	Promoted widespread use of carbon fiber and resin in the transportation field. Expanded <i>ECO CIRCLE</i> * in China. Promoted the spread of renewable-energy-related products. Expanded wastewater treatment business in Japan and overseas. Promoted the spread of energy-efficiency-related products.	B	Develop technologies and promote products to realize advanced materials contributing to the reduction of CO ₂ emissions and recycling of resources and water.	P13–16, 53–54
	Achieved zero serious accidents through accident prevention activities and sharing of information.	A	Promote measures to prevent explosions, fires and leakages of chemical substances and maintain zero serious (level A) accidents.	P55
	Adopted new measures such as earthquake resistance for facilities and implemented as planned.	A	Systemize facility earthquake-resistance assessments/countermeasures.	P55–56
	Formulated plan to take measures for all 18 remaining buildings.	B	Complete measures for all of the 18 remaining buildings by the end of FY2014.	P56
	The lost time injury frequency rate was 0.30.	C	Maintain the lost time injury frequency rates at under 0.25.	P57
	Worked to enhance recognition through raising awareness of guidelines and explaining an outline at audits and each workshop. As a measure to prevent occupational accidents, created a check sheet based on the guidelines.	A	Prevent accidents caused by rotors and damage to health caused by chemical substances.	P57–58
	The number of workplaces where stress levels were diagnosed: 796. Of the above, the number of workplaces needing improvement: 63. The number of workplaces currently subject to improvement activities: 59. (There are four workplaces being handled independently.)	B	Coordinate with human resource managers to implement assertive/active activities as preventative measures for mental health (hold regular meetings with employees with high workload; i.e., those who do many hours of overtime, or those who have recently been transferred or promoted).	P58
	Set-up consultation center in the Health Care Administration Office. * Support provided by clinical psychotherapists, counselors and public health nurses. Enhanced consultation center response with regard to external employee assistance program (EAP). * Started consultation visits to sites throughout Japan.	A	Improve training, education and awareness-raising activities centered on preventive measures for mental health.	P58

*4 Waste with no effective use: Waste that is simply incinerated or put directly into landfill.

*5 Zero emissions: Reducing the ratio of “waste with no effective use” to 1% or less of the total waste generated.

Corporate Governance

4.1 4.2 4.5 4.6 4.7 4.10

The Teijin Group positions corporate governance as an essential element in realizing sustainable improvements in shareholder value and fulfilling our responsibility to stakeholders including employees, customers, the local community and residents, and we are implementing measures to strengthen corporate governance.

History of Corporate Governance Improvements

In 1999, the Teijin Group began a series of groundbreaking management reforms with the aim of achieving corporate governance that is built on fairness, transparency, quick decision-making, and ensuring objectivity. These reforms include establishing the Advisory Board, reducing the number of directors, introducing a corporate officers' system and establishing a compensation system for directors in accordance with consolidated return on assets (ROA).

Further evidence of our progressive actions was our pioneering release of the Corporate Governance Guide 2003, guidelines that integrated the Teijin Group's corporate governance and the supporting areas of compliance and risk management. In response to changes in social and legal circumstances, we have continued to revise these guidelines to reflect content such as an increased number of independent outside directors. These guidelines are now published as the Teijin Group Corporate Governance Guide.

It is our practice to adopt corporate governance systems considered most appropriate to achieve our goals at that point in time. At present, we have judged that the best system of governance as a company with auditors is the following. First, the function of monitoring and supervising management fulfilled by a board of directors including independent outside directors, a corporate officer system and a board of corporate auditors system including independent outside corporate auditors, and second, the function of a nominating and compensation committee fulfilled by an advisory board.

As another measure based on our basic approach to corporate governance, in FY2012, we implemented organizational reforms of the Teijin Group and group companies (see the Message from the President on page 3).

Business Activities that Reflect the Advice/ Suggestions of the Advisory Board

In June 1999, Teijin Limited established the Advisory Board to further increase the level of management transparency. Since that time, the Advisory Board has fulfilled its role as an advisory body for the Board of Directors.

Advisory Board Functions as the Nominating and Compensation Committee

Teijin Limited's Advisory Board consists of five to seven outside advisors (including two to three non-Japanese) who satisfy the prerequisites required of independent outside directors, the chairperson (counselor in the case that the chairperson is absent) and the CEO. Pluralistic and objective judgments are possible through the eyes of members from Japan and overseas and from both inside and outside the company.

The Advisory Board has functions including to give advice and make suggestions regarding overall management, deliberate a change of CEO and nomination of successor (nominating committee function) and to give advice and make suggestions regarding compensation and evaluation of Teijin Group directors (compensation committee function). Regular meetings are held twice a year (once in Japan and once overseas). In FY2012, meetings were held overseas in May and in Japan in November.

Members of the Advisory Board

As of the end of March 2013

Mr. Toru Nagashima (Chairperson)

Chairman of the Board, Teijin Limited

Mr. John W. Himes

Former Senior Vice President, DuPont

Lord Leon Brittan

Vice Chairman, UBS Investment Bank

Mr. Hajime Sawabe

Executive Advisor, TDK Corporation

Mr. Yutaka Iimura

Special Envoy of the Government of Japan for the Middle East and Europe

Mr. Nobuo Seki

Former President/Chairman, Chiyoda Corporation

Mr. Kenichiro Senoh

President & Chairperson, The Industry-Academic Collaboration Initiative (NPO)

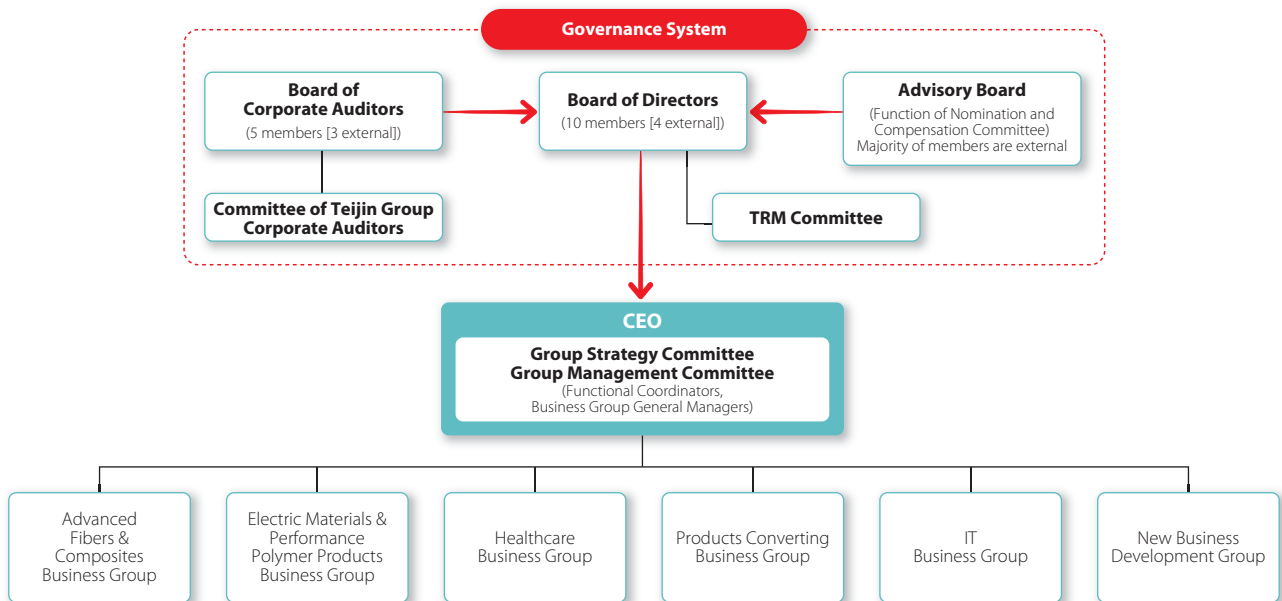
Mr. Shigeo Ohyagi

President and CEO, Teijin Limited

Example of Advisory Board Deliberation Items

Meeting Date	Venue region	Agenda
May 14, 2012	Overseas	<ul style="list-style-type: none"> Report on previous fiscal year performance Report on business plan for the new fiscal year Report on medium- to long-term plan Evaluation of CEO performance for the previous fiscal year and discussion of the bonus amount Deliberation on CEO's targets for the new fiscal year
November 16, 2012	Japan	<ul style="list-style-type: none"> First-half performance report Report on prospects for the second half Successor plan

Teijin Group's Corporate Governance System



Internal Control

The internal control system was established and is operated and improved according to annual decisions made by the Board of Directors regarding its functioning.

An internal control report is also submitted every year. In accordance with the Financial Investments & Exchange Act, this report includes the opinions of an accounting auditor regarding system maintenance/operating status and helps to ensure the reliability of financial reporting.

In addition, an internal auditing body under the direct control of the CEO has been established in order to increase the effectiveness of our internal control activities.

Separation and Strengthening of Decision-making, Internal Operation and Monitoring/Supervision Roles

Our articles of incorporation limit the size of Teijin Limited's Board of Directors to 10 members with the goal of realizing quick decision-making and clear accountability. We have also introduced a corporate officers' system and delegated considerable authority and responsibility to corporate officers. We have established the Group Strategy Committee and Group Management Committee as bodies deliberating on decision-making of the CEO to ensure quick and highly transparent decision-making processes in the presence of full-time auditors.

Four of the 10 directors are independent individuals appointed from outside the Group. To separate responsibilities for monitoring/supervision and those for internal operations, the Teijin Limited Chairman of the Board (counselor or outside director in the case that the chairman in absent is not involved as a corporate officer.

The Board of Corporate Auditors consists of five members and is in charge of overseeing and auditing management. The majority (three) of the Corporate Auditors are independent and appointed from outside the Group to ensure outward transparency in management. Additionally, we have established the Committee of Teijin Group Corporate Auditors (which meets once every two months) consisting of auditors of Teijin Limited and core group companies and other members. Through sharing of group auditing policy and auditing information, this board, which integrates management of the group, seeks to increase the effectiveness of group-wide monitoring/auditing and maintain a fair auditing system.

Total Risk Management

To protect itself from the uncertainty that it faces, the Teijin Group established the Total Risk Management (TRM) Committee under the Board of Directors to manage risk in an integrated manner from strategic and operating perspectives.

Compliance and Risk Management

Basic Stance

We believe that compliance and risk management are the two pillars of internal control. They form the basis for sound corporate governance and are a focus of our CSR activities. We are working hard to ensure that corporate ethics are followed closely at all group companies and to implement business continuity plans.

Positioning of Compliance and Risk Management



Corporate Code of Conduct

8. Observe laws and customs

In conducting its business activities, the Teijin Group observes the laws and customs of the country or the region in which it operates. The Teijin Group also maintains upright and lawful relations with politicians and governments and avoids relations with any individual or organization that obstructs social order or its healthy operations.

Reference information on website



- PDCA Cycle of Compliance and Risk Management Activities
- Group-wide Application of Corporate Ethics and Compliance
- Check Sheets to Survey All Employees at the Corporate Ethics Workshop
- Corporate Ethics Awareness Survey
- TOPICS
- Information Security

Compliance and Risk Management Promotion System

S02

Under the Group CSR Committee chaired by the Chief Social Responsibility Officer, the Teijin Group has established the Group Compliance and Risk Management Subcommittee chaired by the General Manager of the Risk Management Office (General Manager of the CSR and Compliance Department as of April 1, 2013). Subcommittee members include business group representatives and back-office staff and meetings are held twice a year.

In Japan, at each group company, we have appointed a person in charge of promoting compliance/risk management who manages/operates activities at respective workplaces and attends training once a year.

Overseas, each business group conducts its own independent training, and global compliance meetings organized by Teijin Limited are held in main overseas regions every year. In FY2012, we had originally aimed to hold the meetings in two or more locations every year, but in practice, one meeting was held in China (in January). As a substitute for additional meetings, we maintained close contact with bases in the USA and the EU through information exchanges. In FY2013, we will continue to strengthen coordination with overseas bases and work to revise each regional version of the Corporate Ethics Handbook.

Results of Reviews by Chief Social Responsibility Officer (Law Violations and Occurrence of Accidents)

S02 S04

FY2012

Since FY2003, every February, the Chief Social Responsibility Officer has reviewed the activities of the previous calendar year. This review assesses whether there were any serious violations of laws or accidents in this area, and confirms the compliance and risk management activities of group companies and business groups on the basis of the compliance and risk management activity survey submitted. In FY2012, 47 of 49 group companies in Japan and 41 of 69 companies overseas submitted a survey form.

For major incidents and accidents in the group reported to the CEO and Chief Social Responsibility Officer during FY2012, there were no reports of serious accidents. However, there were two small-scale accidents involving leakage of chemical substances at plants of an overseas subsidiary. Neither accident had an effect on the environment.

Corporate Ethics and Compliance Activities

FY2012

Revised Version of the Teijin Group Corporate Ethics Handbook Published

In FY2011, Teijin Limited reviewed the Corporate Code of Conduct and Corporate Standards of Conduct to more clearly define our

approach to environmental management and our response to international standards such as the UN Global Compact. In July 2012, we published the Japanese version of the Corporate Ethics Handbook which reflected the results of this review. For overseas versions, we plan to publish the version for China in July 2013, the version for the USA in December 2013 and versions for EU/Thailand/Indonesia from 2014 onwards.

Corporate Ethics Workshop for All Employees S03

Teijin Group holds the Corporate Ethics Workshop for All Employees every year targeting all executives and employees (including contract/temporary employees).

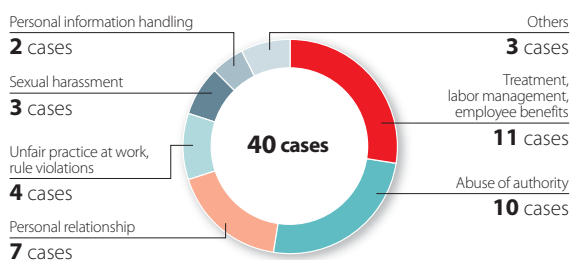
The participation rate in FY2012 in Japan was 91%, the same rate as the previous fiscal year. Overseas, from FY2012, we started to calculate the participation rate and the result was 50%. Furthermore, in FY2012, for teaching materials of the workshop for all employees, we covered case studies of each item in the Corporate Standards of Conduct, and used our initiative to ensure that cases that could possibly occur at each workplace were studied.

Counseling and Reporting Center Operations 4.4

The Teijin Group counseling and reporting system was launched for Japan in 1999 on the intranet and via a consultation center operated through a contract with an external organization. Since 2006, a consultation link for business partners has been available on our website.

This system is operated under the direction of the Chief Social Responsibility Officer. Reports/Consultations which could possibly become major risk issues are also reported to the Total Risk Management Committee (see page 28), and are handled by top management. While protecting privacy, the content and responses to all issues raised by employees via consultation/reports are summarized and disclosed to employees every six months on the intranet for the purposes of raising employees' awareness and as a preventative measure. In FY2012, there were 40 cases of reporting/consultation by employees and others outside the group; this figure has been maintained between 40 and 50 over the past several years, showing that the presence of the center is well recognized by employees.

Content of Reports/Consultation From Employees/Those Outside the Group in FY2012★



Overseas, in addition to accepting reports/consultation by employees at Teijin Holdings USA, Inc. and Teijin Aramid B.V., we have set-up a customers' reporting desk on the Teijin Group global website (English) and started its operation in April 2013.

Risk Management Activities

4.11
FY2012

In FY2012, the Risk Management Office, newly established under the Chief Social Responsibility Officer, made changes to the risk countermeasures sheet used to identify/evaluate risks in order to refine the previous risk identification/evaluation method.

The new risk countermeasures sheet is based on data on risks in the manufacturing industry and risks that have been apparent at the Teijin Group in the past five years. A new risk classification chart has been created with 113 items (compared to 48 items in the previous chart), and we used this chart to identify risks. Regarding risk evaluation, we made changes to the standards for risk occurrence frequency and the amount of loss due to onset of risk in order to enable quantitative evaluations to a greater degree. Furthermore, we asked for specific entry of risk countermeasures and we required residual risk evaluation and countermeasures in relation to risk occurrence frequency, scale of loss and risk characteristics.

Progress of BCPs and BCM

4.11
FY2012

Teijin Group positions business continuity management (BCM) as an important issue in risk management.

In Japan, after the results of a review of the simulated damage of a large earthquake in Tokyo were made public, in FY2012, we started reviewing the business continuity plan (BCP) for core management functions (top management functions under the CEO), and we are aiming to complete this review by FY2013. In addition, we are gradually moving forward with development of BCPs for each group company, and in FY2012, we promoted lateral expansion to directly managed companies excluding the six core group companies, which have already formulated BCPs.

As is the case every year, earthquake drills were conducted twice in FY2012. These drills were conducted at approximately 300 sites and 12,375 people participated in the reporting drill utilizing a system to verify employees' safety in emergencies provided by Infocom Corporation in the Teijin Group★.

Overseas, three companies* in Thailand that sustained flood damage in October 2011 were completely restored as of October 31, 2012. We established a full-scale system to prepare for recurrence of floods through measures to maintain floodwalls, reinforce drainage pumps, install fixed-point observation bases for flood forecasting and develop a countermeasures manual.

★ Teijin Polyester (Thailand) Limited, Teijin (Thailand) Limited and Teijin Cord (Thailand) Co., Ltd.

Quality Assurance

Basic Stance

The Teijin Group conducts its product liability/quality assurance activities under an original management system to enable quick responses to the diversifying social environment while ensuring provision of safe products to our customers.

Corporate Code of Conduct

1. Respect human life and give due consideration to safety and health concerns

The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities.

5. Respect stakeholders

In conducting its operations, the Teijin Group respects the interests of its stakeholders, including shareholders, employees, customers, suppliers, local community residents and others, and strives to engage in dialogue with them. In addition, with the exception of trade secrets and other confidential information, the Teijin Group is committed to disclosing publicly, in an appropriate manner, any information that is both related to its operations and important to society.

8. Observe laws and customs

In conducting its business activities, the Teijin Group observes the laws and customs of the country or the region in which it operates. The Teijin Group also maintains upright and lawful relations with politicians and governments and avoids relations with any individual or organization that obstructs social order or its healthy operations.

Reference information on website



- Examples of Efforts to Ensure Customer Satisfaction

Teijin Group Management System

The Teijin Group Product Liability/Quality Assurance Regulations apply to all Teijin Group products and services and can be considered the base for our product safety and quality assurance activities. Based on these regulations, we are promoting product liability/quality assurance activities for our business groups through basic policies and associated targets set by the Group CSR Committee and the Group Product Liability/Quality Assurance Subcommittee.

We have also created a product liability/quality assurance unit system for the product range of each business group. This quality assurance management system, which is unique to the Teijin Group, aims to enhance customer satisfaction, prevent product defects, and ensure appropriate responses in the event of that defects occur. The system not only covers the whole scope of the ISO standards for quality management systems but also incorporates perspectives of product liability/quality assurance such as the response to customers and product safety.

Based on creation/operation of this unique management system, the Teijin Group is establishing an integrated quality management and quality assurance system.

Implementation of Product Liability/Quality Assurance Audits

PR1

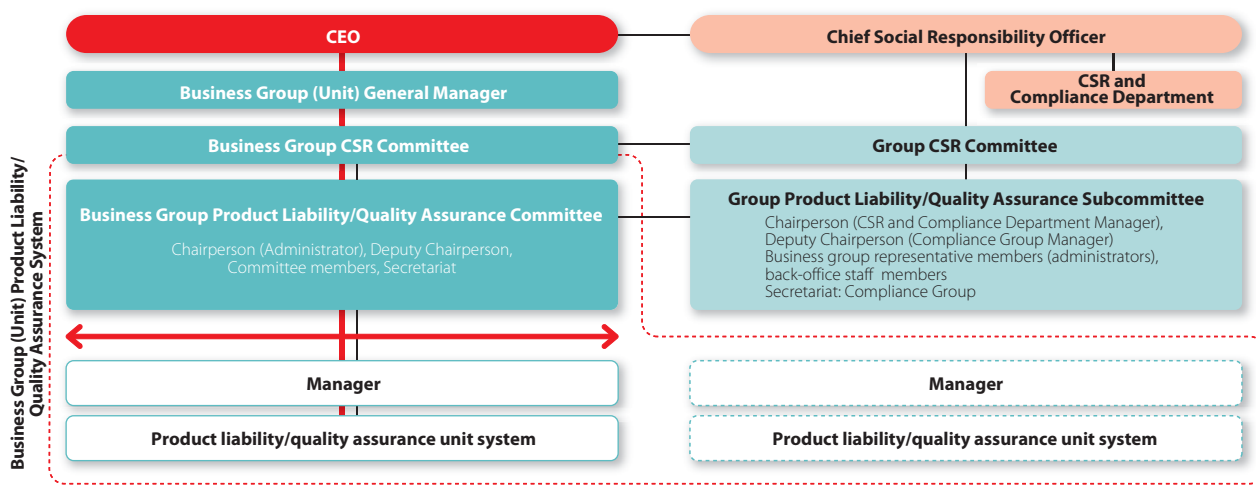
FY2012

In the Teijin Group, product liability/quality assurance activities are conducted as the responsibility of each respective product liability/quality assurance unit (nine business groups and six directly managed companies as of March 2012). The CSR and Compliance Department, which is in charge of supervising group-wide quality, audits these activities and checks that quality assurance mechanisms are operating appropriately.

In FY2012, we continued our regular audits of each product liability/quality assurance unit, and conducted special audits of specified units with the objective of preventing recurrence of claims. Based on feedback of audit results, we are aiming to continually enhance the quality assurance system and process.

Group-wide Product Liability/Quality Assurance System

From April 1, 2013



Measures to Enhance Operations

PR1

FY2012

Enhance Operations of Product Liability/Quality Assurance Assessments

We are continuing to implement product liability/quality assurance assessments to examine safety/reliability in terms of R&D of new products and at the time of changes to 4M.*1 To ensure that assessments are conducted in a fair and objective manner, documents that show evidence of safety and reliability are important. With the cooperation of each product liability/quality assurance unit and the CSR and Compliance Department, we are working to incorporate product liability/quality assurance assessments and enable the documents showing the required evidence to be presented.

*1 4M: Stands for man, machine, material and method, which are management resources affecting quality.

Conduct Thorough Product Liability/Quality Assurance Education

Once again in FY2012, we held group product liability/quality assurance training for newly appointed administrators and managers on July 27. A total of 35 trainees deepened their understanding of management systems and rules, and learned about implementing product liability/quality assurance audits/assessments.

In addition, with the goal of increasing understanding of the risks involved in global expansion, we invited guest lecturers from outside the group to the training to talk about

"Product liability/quality assurance risks facing companies" and "Product liability in the USA and around the world." Many participants commented



Group product liability/quality assurance training

that the training was a chance to learn useful skills applicable to their role as product liability/quality assurance managers in the context of the Teijin Group's global expansion.

Continuing Operation of and Strengthening the Secure Export Control System

4.11

FY2012

For the Teijin Group, whose business is expanding globally, compliance with laws and a fully functioning secure export control system are vitally important. In light of this, we have established the Group Secure Export Control Regulations governing the corresponding Secure Export Control Regulations and Detailed Implementation Rules, which apply to each group company that conducts exports. We implement this via a dual-level control system, placing specialist back-office staff at the head office and business groups to ensure a highly reliable level of secure export control.

The laws that must be complied with in secure export control are frequently revised, so an important factor in training activities is to ensure high levels of awareness and thoroughness in regard to the latest information. In this regard, we conduct regular training and make sure that back-office staff at head office quickly pass on the latest information they receive to business groups. In FY2012, business group committee members gathered in September for the Group Secure Export Control Conference. Laws and regulations that were revised between 2011 and 2012 were reconfirmed, and information regarding trading performance in the group was shared while also clarifying precautions for secure export control.

In addition, in FY2012, despite the major organizational reforms in which group companies were integrated into Teijin Limited, we were able to realize a smooth transition through regulation- and system-related adjustments.

Human Resources Management and Labor CSR

Basic Stance

As a basic human resources policy, the Teijin Group aims to improve employees' quality of life under our corporate philosophy of "Empowering Our People." As part of this management, which is being carried out from group-wide and global perspectives, we are pushing ahead with group-wide measures to secure employment, promote diversity and realize work-life balance while considering the sense of value of all group employees, and aiming for a smooth handover of technologies and skills to the next generation.

Corporate Code of Conduct

1. Respect human life and give due consideration to safety and health concerns

The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities.

5. Respect stakeholders

In conducting its operations, the Teijin Group respects the interests of its stakeholders, including shareholders, employees, customers, suppliers, local community residents and others, and strives to engage in dialogue with them. In addition, with the exception of trade secrets and other confidential information, the Teijin Group is committed to disclosing publicly, in an appropriate manner, any information that is both related to its operations and important to society.

6. Protect human rights

The Teijin Group respects the human rights of its employees and all other people involved in its business activities and does not allow child or forced labor. With respect to these policies, the Teijin Group strives to obtain the positive understanding and cooperation of concerned parties in the value chain in which it is involved.

7. Respect the personality and individuality of employees

The Teijin Group respects the personality and individuality of its employees and accepts their diversity including nationality, gender, religion and attributes. The Teijin Group also secures safe and comfortable working environments, while encouraging its employees to realize an affordable and fulfilling lifestyle.

Reference information on website



- Medium- to Long-term Personnel Plan
- Teijin Group Basic Human Resources Policy
- Human Resources Development
- Job Rotation/Transfer System
- Maintaining Sound Industrial Relationships
- Employee Satisfaction Survey
- Data on Human Resources

Teijin Group Human Resources Policy

The Teijin Group established the Teijin Group Basic Human Resources Policy in 2003. As the objective of human resources management, we are aiming to improve employees' quality of life under our corporate philosophy of "Empowering Our People."

Increase the Number of Overseas Employees Selected for the Core Human Resources Training Programs LA11 FY2012

The following programs are designed to develop core human resources who will forge the future of the Teijin Group. In FY2012, setting a goal to increase the number of overseas employees selected for these programs, we selected 21 overseas employees, 10 more than the FY2011 figure of 11.

1) STRETCH I, II

The Strategic Executive Team Challenge (STRETCH) I and II are group-wide core human resources development programs used to develop human resources who can work actively on the global stage. The programs target employees at all group companies including overseas.

In FY2012, 17 employees took part in STRETCH I, a program for department manager level employees, and 33 employees took part in STRETCH II, a program for the section manager level employees.

2) SLP

The Strategic Leader Development Program (SLP), aimed at employees in mid-level positions, seeks to foster candidates for core human resources. In FY2012, 99 employees participated in the program. In the future, we plan to expand the program to overseas employees.

Global Management of Human Resources LA11 FY2012

In 2009, we established the Global Human Resources Office in the Human Resources Division to facilitate creation of personnel management and appointment systems to aid Teijin Group employees to be active on a global basis.

One specific example of this is the group-wide leader training program, EaGLES, which started in FY2011 and has expanded to five regions worldwide.

Additionally, since FY2011, we have been sending new recruits of the six core group companies in Japan for training in China and India. The aim of this is to strengthen the fast-tracking of human resources development in response to the globalization of business and to foster globally-minded employees. In FY2013, we will add Vietnam as a new destination for training, and allow recruits to gain

firsthand experience of various cultures through discussions with high-achieving local human resources of the same generation, visits to companies, participation in NGO activities and so on.

Group-wide Leadership Training Program, EaGLES

To develop leaders capable of responding to the globalization of human resources and our business, the Teijin Group runs EaGLES, a group-wide training program targeting newly assigned managers of group companies in Japan and overseas. The training program is implemented in four languages (Japanese, English, Chinese and Thai) and consists of three steps, (1) e-learning, (2) group training in five regions (Japan, EU, USA, China and Thailand) and (3) measuring learning outcomes. In the group training in the EU, USA and China, meetings are held with regional representatives of Teijin Limited.

In FY2012, participants from overseas group companies consisted of 14 from four EU companies, 11 from four US companies and 14 from seven Chinese companies. This was an increase of five companies and four employees from FY2011. Participation from Thai companies was temporarily suspended due to the flood damage in autumn 2011 but is planned for resumption in FY2013.

In the future, EaGLES will be positioned as a training program for all managers rather than only newly appointed managers, and we plan to increase the number of participants and the regions where trainings are held.

Within e-learning, from FY2012, we are utilizing the Teijin Standard, which summarizes content such as the Teijin Group sense of value, management policy and history, to train new recruits group-wide. We are expanding applications and use of this approach as a tool to instill the concept of One Teijin (see Message from the President on page 3).

Promoting Diversity Among Employees

LA13

FY2012

Respecting Diversity in Sense of Value

In the Teijin Group, in all facets of our business, but particularly in recruiting, employment and promotion, we respect the individuality of all our employees regardless of gender, age, nationality, race, disability etc., and support our employees in reaching their full potential.

To promote employees' awareness of diversity, every year we publish a diversity handbook called "together" for internal use (in Japanese and English) including articles such as "Tips for dealing with bias as told by pioneers." In FY2012, we also surveyed 126 department managers of Teijin Limited and Teijin Pharma Limited regarding promotion of diversity. The response rate was 56% and we learned from the responses that awareness of managers has clearly been raised since we started measures to promote female career development in 2000 and that managers now specifically recognize points for improvement.



Internal-use diversity handbook "together"
(Japanese and English versions)

Participant Voice

Participating in EaGLES

- Through EaGLES, I not only learned managerial methods and skills but also a new way of thinking.
- I learned that it is important to respect opinions different from my own, and to trust and get to know others well.
- I learned that it is very important to get myself fully prepared and control myself in order to lead others in the right way.
- Participating in EaGLES changed my fundamental outlook. It was very influential.



EaGLES training

Recruitment of Global Human Resources

The six core group companies in Japan* have set a target to achieve a 10% or higher ratio of foreign nationals to the total number of newly recruited career-oriented university graduates, and a 20% or higher ratio of personnel with experience living abroad. To this end, we hold information sessions for foreign students in Japan and also participate in overseas job fairs (company information session for students) in the USA, China, and elsewhere. In FY2012, we achieved ratios of 11% and 27%, respectively, for the above targets.

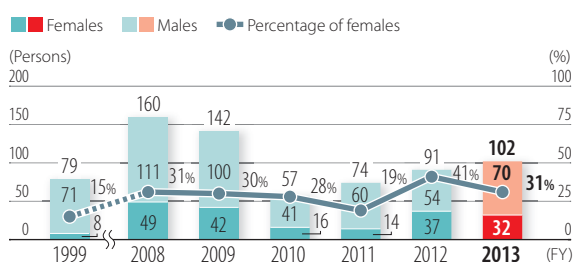
* Six core group companies in Japan: Formerly the 12 core group companies in Japan, but changed to the six core group companies as a result of the group reorganization in 2012. Employees of these six companies account for 76% of the total number of group employees in Japan (up to FY2012, employees of 12 core group companies accounted for 77% of the total number of group employees in Japan).

Promotion of Female Career Development

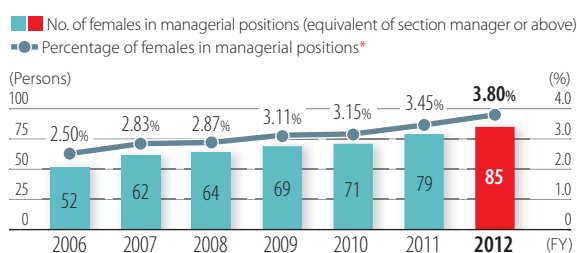
Since December 1999, the Teijin Group has been engaged in efforts to promote and support female employees to work to the best of their abilities.

For recruitment at the six core group companies in Japan, we have set a goal of maintaining the ratio of newly recruited career-oriented female university graduates at 30% or more. The ratio was 41% in FY2012 and 31% in FY2013. In addition, the number of females in managerial positions was 85 at the end of FY2012. Aiming to increase this figure to 120 by the end of FY2014 and 160 by the end of FY2016, we are focusing on continuing a training program for female leaders and carefully reviewing workplace practices from the standpoint of female employees.

Changes in the Number and Ratio of Newly Recruited Career-oriented Female University Graduates*



Changes in the Number of Female Employees in Managerial Positions*



* Percentage of female employees in managerial positions of the total number of managerial positions in the companies.

Re-employment Systems

As re-employment systems, the Teijin Group has established the Hello Again System at Teijin Limited and Teijin Pharma Limited and the Senior Partner System at all group companies in Japan.

The Hello Again System targets employees who left the company for reasons including marriage, pregnancy, child-rearing, nursing care, or work transfer of their spouse. Employees in this situation who wish to return to the Teijin Group due to the reason for leaving no longer applying will be rehired as full-time employees on the condition that it is not more than 10 years since they left and provided that the need exists. To date, seven people have been rehired under this system. Additionally, regardless of whether the employee's spouse is an employee of the Teijin Group, if an employee wishes to accompany his/her spouse to a transfer destination, we will try to arrange the employee's transfer to an appropriate location to avoid the employee having to leave his/her job. Overall, there have been 25 instances of such cases including one instance in FY2012.

The Senior Partner System aims to facilitate re-employment of former employees after mandatory retirement if they wish to rejoin a group company in Japan. In FY2012, of the 138 employees who retired at the fixed age and wished to be re-employed, 116 (84.1%) were re-employed (total for 41 group companies)*.

Employment of People with a Disability LA13

As of April 1, 2013, at 27 group companies in Japan, the total number of employees with a disability was 209, failing to reach the legal requirement of 225*.

In FY2011, 11 individual companies failed to meet the legal requirement for employment of people with a disability. In FY2012, as a result of a change to the employment rate required by law (2%) as of April 1, 2013, 14 companies did not meet the required rate*. In FY2013, we will further increase efforts geared towards achieving the employment rate required by law at all group companies.

Measures to Promote Work-Life Balance

FY2012

In FY2012, as measures to promote work-life balance, we focused on activities to raise awareness, enhance various systems and increase the number of users of these systems.

At group companies in Japan, as an awareness-raising activity, level-based workshops (e.g., new recruits, newly assigned section/department managers) were held to explain the content and significance of various systems. In FY2013, we plan to hold awareness-raising seminars on "successfully combining work and family care" targeting all employees, and workshops on work-life balance systems targeting newly assigned managers.

In FY2012, as efforts designed to increase users of our various systems, we created a handbook relating to issues before and after maternity leave/pregnancy to encourage greater understanding and

smooth communications between female employees and their managers. We surveyed 31 employees who are users of the work-at-home system and 126 department managers with the objective of researching and raising awareness of the actual state of systems related to work-life balance. In FY2013, we plan to review and expand our various systems.

Group companies in Japan have also been enforcing a system of prior application for overtime work and strict implementation of the no-overtime-day rule to decrease the number of working hours. Despite this, in FY2012, the average overtime per month for employees at the six core group companies in Japan was 12.9 hours (0.6 hour increase from FY2011), and the rate of taking annual paid holidays was 67% (10 point downturn from FY2011), an end result of longer working hours★. A contributing factor may have been the increased workload due to large-scale organizational changes associated with group realignment. Nevertheless, compared to FY2010, the average overtime decreased by 0.9 hours and the rate of taking annual paid holidays increased by 3 points. From FY2013 onwards, given the absence of special circumstances, we will continue with improvements aiming to exceed the FY2011 results.

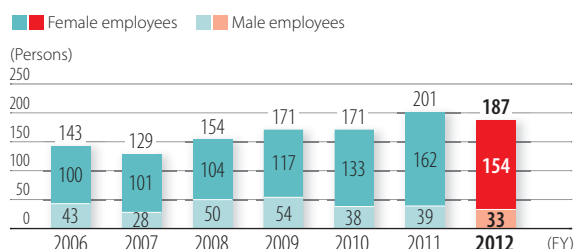
Overseas, in the Netherlands, which has an advanced work-sharing system, almost 60% of female employees at Teijin Aramid B.V. including those in managerial positions use a short-time work system.

Promoting Childcare Leave for Employees LA15

To promote childcare leave for male employees, group companies in Japan have submitted action plans based on the next-generation law (stage 1: FY2005–2006, stage 2: FY2007–2011, stage 3: FY2012–2014). As specific measures, this action plan lists expanding the system for promoting short-term childcare leave and awareness-raising activities.

In FY2012, at the six core group companies in Japan, 187 employees (including 33 males) took childcare leave.

Trends in the Number of Employees Taking Childcare Leave★



Nursing Care Leave System

Our nursing care leave system operating at three of the six core group companies in Japan allows each applicant to take up to 730 days of nursing care leave per reason, which can be taken in portions. This far exceeds the 93 days of leave specified under the Child Care and Family Care Leave Law.

In FY2012, a total of three employees from the three companies (including one male) used the system★.

Volunteer Leave System

With a view to encouraging volunteer activities, the Teijin Group has introduced a Volunteer Leave System (paid) at four group companies in Japan. As of March 31, 2013, there were six employees using the Volunteer Leave System★.

Determining the Status of Group-wide Labor Management

▶▶ See website for more detailed information

FY2012

The Teijin Group carries out regular surveys on labor management at group companies. We identify management issues in our group personnel management system and implement effective measures as required, particularly from the viewpoint of labor CSR. Survey forms are sent to 53 group companies, 41 in Japan and 12 overseas, every year. From the survey, we obtain data on basic labor CSR indicators.

After amendments to labor-related laws or if otherwise needed, the Teijin Group reviews the labor management status, employment rules and personnel systems of all group companies in Japan. In FY2012, targeting 41 group companies in Japan, we reviewed the status of responses to the amendment of the law concerning re-employment after age-limit retirement. The results revealed that 26 companies have already responded or are in the process of responding. To assist the remaining group companies to respond to the changes, Teijin Limited will follow-up on and provide the necessary support.

Respect for Human Rights

HR8

FY2012

To raise group employees' awareness of human rights, a message from the CEO (Japanese, English, German, Thai and Indonesian versions) is distributed during Corporate Ethics Month in October. Additionally, discussions about human rights and corporate ethics are held at each workplace.

In FY2012, following on from the previous year, training sessions were held during Corporate Ethics Month at each workplace targeting all employees and focusing on respect for human rights (see page 30). For example, Teijin Pharma Limited held a workshop on abuse of authority and sexual harassment at a meeting of the branch managers and business site managers, using actual case examples as training materials.

Overseas, in the sewing industry, there is still no end to child labor. However, as a company deeply involved in the industry, Teijin Frontier Co., Ltd. takes exhaustive measures in employee training and enforces strict management of CSR procurement to ensure that it is never complicit in such human rights problems.

CSR Procurement

HR2

Basic Stance

As part of CSR in supply chain management, we clarify and put into practice our viewpoints and standards relating to CSR procurement and purchasing. Examples of this relate to improving the environmental performance of procured goods, encouraging environmental consideration, legal compliance and protection of human rights by suppliers, and also promoting fair trade practices with suppliers.

Corporate Code of Conduct

6. Protect human rights

The Teijin Group respects the human rights of its employees and all other people involved in its business activities and does not allow child or forced labor. With respect to these policies, the Teijin Group strives to obtain the positive understanding and cooperation of concerned parties in the value chain in which it is involved.

9. Ensure fair and proper transactions

In its operations, such as procurement and product sales, the Teijin Group negotiates in good faith and observes fair and proper practices. In addition, the Teijin Group neither accepts bribery nor is involved in any type of corruption.

10. Respect intellectual property rights

The Teijin Group respects intellectual property rights, including trade secrets, and vows not to violate the effective rights of other companies or groups, as well as to protect, preserve and utilize its own intellectual property rights.

Reference information on website



- Green Procurement/Purchasing
- Management of Contractors and Work Contracts

Overall Consideration of Supply Chains Based on CSR Procurement Guidelines

To manufacture and distribute its products, the Teijin Group procures a large amount and wide variety of raw materials, equipment, components and services from many companies around the world. When selecting suppliers, we adhere to our purchasing guidelines based on fair and rational judgments.

Furthermore, to implement CSR throughout the supply chain, we established the CSR Procurement Guidelines (see below) and we require our suppliers to conduct activities in compliance with our guidelines.

The basic policies for purchasing and procurement activities and CSR procurement guidelines are posted on the Teijin Group website (in Japanese and English), and a Chinese version was added in FY2012. In addition, to promote our CSR procurement policy/activities in China, we conducted information sessions at Teijin Group companies in China.

Currently, the Teijin Group's CSR procurement activities are being implemented centering on the Machinery and Material Procurement & Logistics Management Department of Teijin Limited.

CSR Procurement Guidelines (excerpt of main items)

1. Quality and safety
2. Human rights and labor
3. Safety and health
4. Fair trade and ethics
5. Information security
6. Philanthropy
7. Biodiversity
8. Specific minerals
9. Environment
10. Management of chemicals contained in products
11. Management of chemicals used in the manufacturing process
12. Approval and license concerning environmental conservation (air, wastewater, noise, vibration, etc.)
13. Environmental management system
14. Minimize impact on the environment (air, wastewater, soil)
15. Reduce the discharge of chemicals into the environment
16. Effective use of resources/energy
17. Reduce greenhouse gas emissions
18. Waste reduction (3R)
19. Disclosure of commitment to environmental conservation

Surveys and Ratings of Suppliers

FY2012

In FY2007, the Teijin Group launched an originally developed system to grade the CSR of suppliers. The system uses an online questionnaire to confirm whether or not suppliers are complying with the Teijin Group CSR Procurement Guidelines, and the results are used to grade suppliers from I to V.

Suppliers respond to 70 questionnaire items and receive a score indicating the extent of compliance with standards specified in the Teijin Group CSR Procurement Guidelines. Suppliers are then ranked

according to this score and their credit status as ongoing suppliers. Using a matrix of these two rankings, suppliers are ranked from I to V (ranks I to III equate to a compliance ratio with CSR guidelines of 40% or more, and ranks IV and V with a ratio of under 40%).

Operations of this system were taken over by Fiberfrontier Co., Ltd.* and joint management/cooperation began with Toray Industries, Inc. in FY2008 and was then joined by Asahi Kasei Corporation in FY2012. This has realized use of common standards to evaluate the CSR performance across a wide range throughout supply chains of the chemical synthetic fiber industry.

* Fiberfrontier Co., Ltd.: An electronic commerce textile sales and procurement management company jointly established by chemical synthetic fiber companies in Japan.

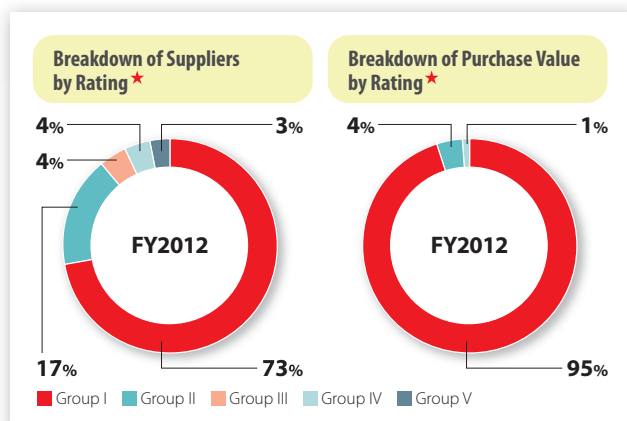
Results of FY2012 Supplier Surveys

FY2012

In FY2012, 511 suppliers, accounting for 76% of the total purchasing value handled by the procurement department in Japan, were surveyed. This is 98 more suppliers than in FY2011 and the same percentage of total purchasing value as last year.

Furthermore, in FY2012, as a result of adding items to the FY2011 survey—namely, the approach to biodiversity conservation and management of mineral resources in conflict zones—the ranking of 34 suppliers fell from groups I–III to groups IV–V. In response, we set a goal for the fiscal year to improve the ranking of these 34 suppliers to groups I–III and implemented individual improvement guidance for each supplier.

The results of the survey revealed that, compared to 86% in FY2011, 94% of suppliers corresponded to groups I–III, the groups where continuing to do business is no problem. In addition, the ratio of purchases from group I, II and III suppliers was 99%, compared to 98% in FY2011. This resulted from 38 suppliers improving their ranking from groups IV–V last year to groups I–III this year.



Voice of
Supplier
Sales Manager

Moving Forward Together as Partners

Teijin conducts regular surveys of its suppliers, and I have the impression that it is a company actively engaged in CSR.

My company has been a supplier for Teijin for over 40 years. During this time, there have been changes in social conditions and differences have arisen between each other's sense of value. CSR involves working out how to overcome and resolve these differences in sense of value. In other words, I think it is important to not only simply adhere to rules, but to also understand the objectives behind the rules and to link this understanding to business. In the future, I hope we can continue moving forward together to resolve issues.



Mr. Hiroshi Ooike
Sales and Marketing
Department, West Japan
Corrugated Packaging
Business Unit Packaging
Division Rengo Co., Ltd.

Guidance/Support to Improve CSR Activities of Suppliers

FY2012

Suppliers corresponding to groups IV–V in the results of the survey are the target of improvement guidance; that is, they receive individual guidance/support to enable them to continue as suppliers.

In FY2012, 38 of the 56 suppliers who were ranked in groups IV–V in FY2011 improved their ranking to groups I–III. In FY2013, we will continue improvement guidance for the 38 suppliers that corresponded to groups IV–V in the survey this time, aiming for qualitative improvements in CSR procurement.

Introduce/Expand CSR Procurement Activities with a Global Perspective

FY2012

In line with its global expansion, the Teijin Group is continuing preparation of surveys to expand CSR procurement to overseas suppliers as well.

In FY2011, we trialed a printed version of the questionnaire, and in FY2012, it was implemented at 13 suppliers in the EU/the USA/China. The results of the survey, which used the same items as those of the survey for Japan, were that 12 suppliers corresponded to groups I–III and 1 to groups IV–V.

This result is thought to be due to the comparatively high level of awareness of CSR at our overseas suppliers, who are large corporations. In FY2013, we plan to expand the number of suppliers subject to the survey, and by FY2015, implement the survey for all main suppliers worldwide.

Social Contributions

Basic Stance

To practically implement our corporate philosophy of "In Harmony with Society" and "Empowering Our People," we conduct social contribution activities that draw on the unique characteristics of business groups and business sites in order to support the development of local communities. In addition, we are engaged in group-wide activities and we are working to foster a corporate culture that vitalizes development of volunteer personnel.

Corporate Code of Conduct

3. Contribute to society and support the development of local communities

The Teijin Group contributes through its business operations to the development of the economy of the countries or regions in which it locates its bases. In addition, from the perspective of promoting mutually beneficial coexistence with society, the Teijin Group conducts appropriate activities to contribute to society as a responsible corporate citizen, and actively participates in and supports the fields of science, education, culture, and athletics, as well as preservation of the environment, prevention of disasters, and rescue operations.

Reference information on website



- Support of Disaster-affected Areas

Teijin Group System to Promote Social Contribution Activities

Based on the Corporate Code of Conduct, the Teijin Group promotes social contribution activities in each business group and business site from the standpoints of science and education, culture, sports activities, environmental preservation activities and disaster prevention activities.

In addition, the CSR Planning Office (Corporate Communications Department as of April 1, 2013) plays a central role in supporting volunteer activities and proposing group-wide social contribution programs which employees can easily engage in. Through these programs, we are fostering human resources who can participate independently in and promote social contribution activities.

Expenses of Social Contribution Activities in FY2012

EC1

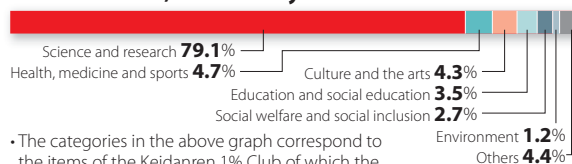
▶▶▶ See website for more detailed information

FY2012

Since joining the Keidanren (Japan Business Federation) 1% Club in FY2003, the Teijin Group has been setting aside at least 1% of current profits for social contribution costs. Expenses of social contribution activities in FY2012 were approximately one billion yen (12% decrease from the previous fiscal year).

Expenses of Social Contribution Activities in FY2012 ★

Total amount 1,018 million yen



• The categories in the above graph correspond to the items of the Keidanren 1% Club of which the Teijin Group is a member.

Main Social Contribution Activities of the Teijin Group

Supporting the Development of Local Communities

Science and education	<ul style="list-style-type: none"> Scholarship system (Japan and China) Commemorative lecture by Dr. Eiichi Negishi (Matsuyama Factory) Open lecture for citizens on home healthcare Donation activities in China Donation of 570 T-shirts to children from disaster-affected areas (Iwate, Japan)
Culture	<ul style="list-style-type: none"> Provision of products to an art museum in the Netherlands Co-sponsored movie screening in disaster-affected area (Iwate, Japan)
Sports activities	<ul style="list-style-type: none"> Co-sponsored All Japan High School Soccer Tournament Donation of soccer balls (Iwakuni Factory) Japan Dream Football Association official sponsor (Thailand)
Environmental preservation activities	<ul style="list-style-type: none"> Eikiden clean-up project, cleaning activities (Tokuyama Factory) Donation of eco-bags to Japan-U.S. cultural exchange event in New York
Disaster prevention activities	<ul style="list-style-type: none"> Contributions to enhancing local disaster prevention capabilities (Mihara Factory)

Fostering Volunteer Personnel

Group-wide activities	<ul style="list-style-type: none"> Promotion of Volunteer Support Program Picture book donation activities Support for school lunch project in developing countries Nature observation leader workshops Environmental photo contests
Business site activities	<ul style="list-style-type: none"> Participated in social contribution activities as part of employee training (Matsuyama Factory)

Supporting the Development of Local Communities

▶▶▶ See website for more detailed information

FY2012

Science and Education

Scholarship System in Japan and China

Since 1953, the Teijin Group has offered the Teijin Kumura Scholarship named after Seita Kumura, a pioneer in the Japanese chemical fiber industry, aiming to pass on and develop an original R&D spirit, as well as foster young scientists who will contribute to social development and the creation of new culture (reorganized to the Teijin Scholarship Foundation in 2011). It was Japan's first scholarship created by a private company and approximately 1,500 science and technological students have so far benefited from the scholarship over a period of close to 60 years.

Additionally, in June 2010, we established a scholarship system in China offering annual scholarships of 8,000 yuan per student with no repayment obligation. Recipients are technical master's degree students of Peking University, Tsinghua University, Fudan University and Shanghai Jiao Tong University. In FY2012, there were 36 recipients, a 1.5-fold increase from FY2011 (24 recipients).

Culture

Provision of Aramid/Carbon Fibers to an Art Museum in the Netherlands

The Teijin Group has been a sponsor of the Stedelijk Museum Amsterdam in the Netherlands since 2007.

On the occasion of the addition of a new wing to the museum in 2012, we provided 4,850 kg of *Twaron*®, a para-aramid fiber manufactured by Teijin Aramid B.V. and 4,050 kg of *Tenax*®, a carbon fiber manufactured by Toho Tenax Europe GmbH.



Stedelijk Museum Amsterdam

Sports Activities

Supporting Youth Football in Southeast Asia

Teijin Polyester (Thailand) Limited (TPL) became an official sponsor of the Japan Dream Football Association (JDFA) in 2012.

The JDFA is aiming to produce the first J. League player from Southeast Asia through activities in Southeast Asian countries such as holding football clinics for children, observing local league games and scouting activities. TPL is committed to supporting the dreams of children in Thailand and other countries in Southeast Asia through this sponsorship.

Fostering Volunteer Personnel

▶▶▶ See website for more detailed information

FY2012

Promotion of Volunteer Support Program

In June 2011, we established the Volunteer Support Program. Under this program, the administration committee decides which volunteer activities are to be supported from volunteer activities that group employees in Japan are engaged in, and partial financial support for the activities is provided via the Teijin Group Social Contribution Fund made up of donations from volunteer employees and directors as well as from companies.

In FY2012, we provided financial support to the following four non-profit organizations (NPOs), donating 100,000 yen to each organization.

- The Children's Heart Disease Association of Japan, supporting children with heart disease and their families **1st time**
- The Teijin Junior Soccer School, contributing to the local community through soccer **Ongoing**
- KAPATID, supporting activities such as management of kindergartens in the Philippines **Ongoing**
- The Nature Conservation Society of Osaka engaged in activities such as nature observation programs and conservation of forest reserves **Ongoing**



Children's Heart Disease Association of Japan



KAPATID

Picture Book Donating Activities –Book Dream Project–

The Book Dream Project, which started in FY2008, uses money received in exchange for used books provided by group employees in Japan to buy Japanese picture books and donate them to libraries overseas. Translated caption sheets are added to the picture books by volunteer employees. In FY2012, we donated 72 books to libraries in Indonesia. We also donated 65,000 yen from the money received in exchange for used books to support libraries in Thailand.



Children listening intently to a book reading

Support of School Lunch Project for Children in Developing Countries

The Teijin Group has been participating in the TABLE FOR TWO social contribution program since FY2011. Activities, which initially started at the Matsuyama Factory, were introduced at the Iwakuni Factory and Osaka head office in FY2012.

When a donation-linked menu item is ordered at the company cafeteria, 20 yen per meal is donated to a school lunch project in developing countries. The donation-linked menu items show regard for a good balance of nutrition and calories, helping to prevent obesity and lifestyle-related diseases.

ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health)

Basic Stance

The Teijin Group positions ESH as a key issue relating to all business operations and is engaged in activities to reduce environmental impact, in terms of both the global environment and local communities, and to ensure the safety/health of local citizens and employees. Furthermore, we quantitatively measure ESH-related investments/expenses and link this to efficient progress and improvements of ESH activities.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

Reference information on website



- Group ESH Debriefing Session and Business Group Annual ESH General Assembly
- Breakdown of ESH-related Costs of the Teijin Group in FY2012
- Current Status of Teijin Group Management System Certifications

Group ESH Management System

The Teijin Group established the Group CSR Committee to perform integrated ESH management. This committee is chaired by the Chief Social Responsibility Officer who has authority and responsibility delegated from the CEO. Under the Group CSR Committee, is the Group ESH Subcommittee, which is chaired by the General Manager of the Teijin Limited CSR and Compliance Department and has members consisting of those in charge of ESH activities at each business group or business unit. The subcommittee discusses and makes decisions on various measures and activities regarding ESH management, and oversees the expansion of these measures/policies to each business group.

In addition, once a year, audits are performed by the Chairperson of the ESH Committee for each business group and the Chief Social Responsibility Officer. As part of the audit process, each business group reports on ESH management status, any accidents, status of countermeasures, and status of ESH activities. This content is then audited, and confirmation and guidance is provided in relation to future issues and actions required before the next audit.

Outline of the ESH Audits★

	Outline of the audits	Auditors	FY2012 audit results
ESH Audit I	ESH audits at production sites	Chairperson of Business Group ESH Committee	17 in Japan, 12 overseas
ESH Audit II	Audits mainly concerning environmental activities	Chairperson of Business Group ESH Committee	Five business groups, New Business Development Group, Raw Materials and Polymer Department and three directly managed companies
ESH Audit III	Audits of the results of ESH Audits I and II	Chief Social Responsibility Officer	Five business groups, New Business Development Group, Raw Materials and Polymer Department and three directly managed companies

Group ESH Education

FY2012

To enhance the level of group-wide ESH management, we established the ESH Education Program for presidents and executives involved in ESH management, ESH staff, and production line managers in individual group companies. We hold a workshop once a year for group companies in Japan, and every two years for overseas group companies.

In FY2012, an ESH education workshop for group companies in Japan was held in July at the Osaka head office, with the participation of 154 employees (51 in the basic class, 51 in the management class, and 52 in the applied class)★. Overseas, workshops were held at Teijin Polycarbonate Singapore in November and once each at four companies in Thailand in January. In total, 47 employees participated★.

Training Seminar for Internal Auditors of ESH Compliance

FY2012

To enhance compliance with laws and regulations related to ESH, we held ESH compliance training seminars for internal auditors at the Osaka head office in January, and at the Matsuyama Factory in February, 2013. As a result, 96 employees were newly approved as 1st-grade auditors and six as 2nd-grade auditors★. Since the system started in 2005, there have been a total of 766 internal auditors of ESH compliance.

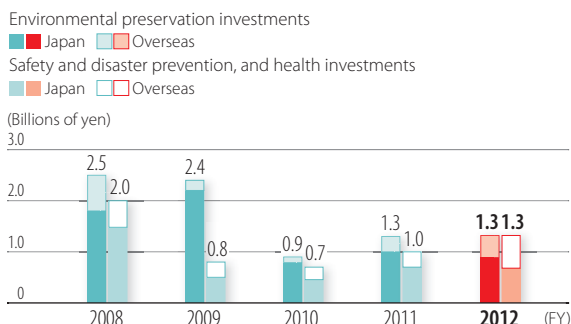
ESH-related Accounting

EN 30

FY2012

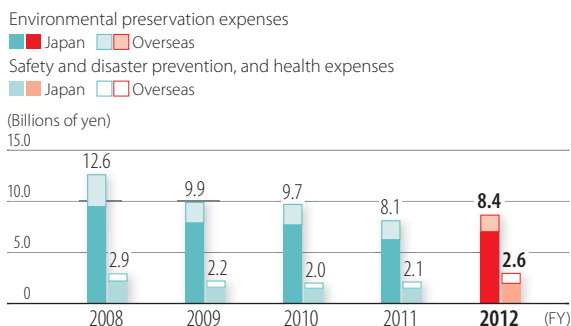
The Teijin Group calculates the investments, expenses, and effect of ESH activities at all group companies. The investments, expenses

Trends in ESH-related investments★



• Environmental preservation investments in FY2012 were 1.3 billion yen, the same as in the previous fiscal year. Investments related to safety and disaster prevention, and health were 1.3 billion yen (27% increase from the previous fiscal year) as a result of active disaster prevention measures continuing on from the previous fiscal year, and increased investments for occupational safety measures.

Trends in ESH-related expenses★



• Environmental preservation expenses in FY2012 were 8.4 billion yen (3% increase from the previous fiscal year) as pollution prevention costs increased. Expenses related to safety and disaster prevention, and health were 2.6 billion yen (24% increase from the previous fiscal year) as a result of increased disaster prevention expenses overseas.

and effect of activities for environmental preservation, energy savings, reduced use of natural resources, and recycling are calculated with reference to the environmental accounting guidelines published by the Ministry of the Environment of Japan. We also calculate the investments and expenses for safety and disaster prevention, and health.

Current Status of Teijin Group Management System Certifications

Current Status of ISO 14001 Certification

Japan (21 companies, 41 factories)
Overseas (14 companies, 17 factories)

Current Status of OHSAS 18001 Certification

Japan (19 companies, 31 factories)
Overseas (6 companies, 8 factories)

Current Status of ISO 9001, ISO 13485, ISO 16949 and Other Certifications

Japan (26 companies, 49 factories)
Overseas (16 companies, 19 factories)

Boundaries for Environmental Performance Indicators and Reporting of ESH Accounting

High-performance Fibers	Japan: Union Tire Cord, Teijin Monofilament, Unisel, Teijin Cordley Overseas: Teijin Polyester (Thailand), TEIJIN (THAILAND), TEIJIN CORD (THAILAND), Nantong Teijin Automotive Fabrics Finishing, Teijin Aramid
Carbon Fibers & Composites	Japan: Toho Tenax Overseas: Toho Tenax Europe, Toho Tenax America, Diversified Structural Composites
Films	Japan: Teijin DuPont Films Overseas: P.T. INDONESIA TEIJIN DUPONT FILMS
Plastics	Japan: Teijin Chemicals, Hiroshima Plastic, Kinkai Chemicals, Teiyo Overseas: TEIJIN POLYCARBONATE SINGAPORE, Teijin Chemicals Plastic Compounds Shanghai, TEIJIN POLYCARBONATE CHINA
Healthcare	Japan: Teijin Pharma, Teisan Pharmaceuticals, Teijin Home Healthcare
Products Converting	Japan: Teijin Frontier, Teijin Modern Yarn, Wako, Teijin Associa Retail, Shinwa Gosen, Teikyo Lace, Teisho Sangyo, Techset, Folkner Overseas: Nantong Teijin, Teijin Modern Yarn (Nantong), Teijin Frontier (Vietnam), Thai Namsiri Intertex
IT	Japan: Infocom
Directly Managed Companies	Japan: Teijin Kosan, Kure Kogyo, Teijin Logistics, Teijin Eco-Science, Teijin Engineering

• Company names are correct as of the end of March, 2013.
• Limited (Ltd.), Co., Ltd., Inc., GmbH, Corporation, B.V. and the like have been omitted from the company names.

Environmental Management

Basic Stance

The Teijin Group Global Environmental Charter was established in 1992. Subsequently, in 2007, we announced the Declaration of Sustainable Environmental Initiatives. Recognizing the substantial impact of our business activities on the global environment, we promote environmental management in the three core elements of environmental preservation, Design for Environment and environmental businesses.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

— The Teijin Group Global Environmental Charter —

To fulfill the Teijin Group's corporate philosophy "We place the highest priority on safety and the preservation of our natural environment" to ensure society's sustainable development, we will:

1. Strive to promote efficient use of resources and energy and reduction of environmental impact to preserve the global environment.
2. Provide products and services that reduce the environmental impact for society through progress in science and technology with a focus on global environmental consciousness.
3. Participate in social activities aiming at conserving the global environment through education and raising awareness for group employees, and cooperation with local communities involved in our business activities.

(Established in December 1992; revised in July 2007)

Declaration of Sustainable Environment Initiatives

The Teijin Group announced the Declaration of Sustainable Environmental Initiatives in 2007. In it, we declare our intention to incorporate into the inner workings of our management, a perspective that environmental management refers to reducing environmental impact over the entire life cycle of products including all processes from material procurement to production, use and disposal. The three core elements of our environmental management are environmental preservation, Design for Environment and environmental businesses.

In FY2012, we established the Teijin Group Environmental Management Promotion Subcommittee based on the fact that environmental management and its application has expanded globally and become applicable to all business groups (see page 20: The Teijin Group's CSR Management System). This subcommittee will have a central role in promoting environmental management based on the three core elements, while integrating the growth strategies of the entire Teijin Group.

Start of the Group Environmental Management Promotion Subcommittee FY2012

In FY2012, the Group Environmental Management Promotion Subcommittee met twice as part of activities in its initial year. At the meetings, the subcommittee reviewed and discussed the future of the Teijin Group's environmental management as well as targets and indicators to be used in its implementation. In FY2013, we plan to review our approach to promoting LCA and mid-term targets (environmental management indicators) looking ahead to 2020.

LCA Working Group Established to Start Calculating Avoided CO₂ Emissions

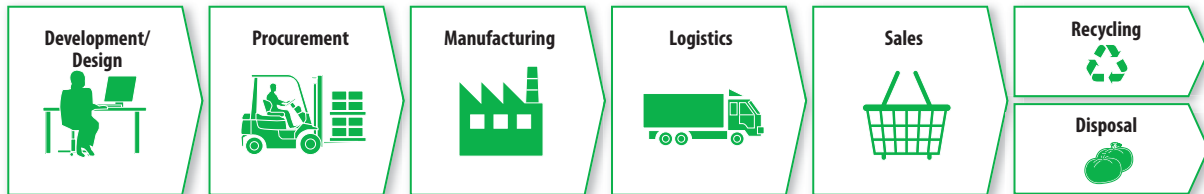
In April 2012, an LCA working group formed by representatives of each business group was established under the Group Environmental Management Promotion Subcommittee. In FY2012, LCA workshops were held six times, starting in August. External lecturers were invited to the workshops, and we discussed the LCA evaluation method and the evaluation processes used by business groups based on examples of representative products. Using these evaluations as a base, we will promote activities to calculate avoided CO₂ emissions of each product/material.

In FY2013, besides establishing LCA guidelines so that each business can engage in LCA, we plan to increase the number of products for LCA evaluation.



LCA workshop

Teijin Group Business Flow and Three Core Elements of Environmental Management



To implement environment-conscious management, the Teijin Group promotes the reduction of environmental impact based on three core elements that cover all of its corporate activities.

Procurement Manufacturing Logistics Disposal

1. Environmental preservation

Activities aimed at reducing the negative impact our daily business activities have on the environment including efforts to reduce CO₂ emissions and chemical substances, manage/reduce waste and preserve biodiversity.

→ See pages 45–50 for details.



Clean-up day at a factory site



Biological field study

Development/Design

2. Design for Environment

Evaluation of the environmental impact of products throughout their life cycles and product design aimed at reducing this impact. We use an original system for approving Design for Environment products.

→ See pages 51–52 for details.



REFTEL®



Tenax®

Sales Recycling

3. Environmental businesses

Business activities aimed at contributing to environmental improvement. The Teijin Group is focusing on developing technologies/products that contribute in areas such as reducing CO₂ emissions and use of resources.

→ See pages 53–54 for details.



Structure of concept car made using thermoplastic CFRP



MSABP®

Environmental Management 1

Environmental Preservation

Basic Stance

As measures to reduce our environmental impact, we ensure that all employees have a clear understanding of the impact of business activities on biodiversity, and we evaluate the environmental impact of our business activities over the entire life cycle of each product, aiming to reduce CO₂ emissions and chemical substances, and reduce/manage waste.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

Initiatives for Processes from Procurement to Disposal

EN1 EN3 EN6

FY2012

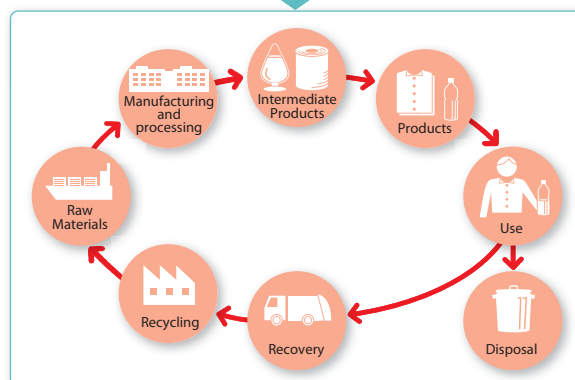
In addition to compliance with rules and regulations and agreements with local governments relating to environmental impact, the Teijin Group is carrying out various voluntary activities aiming to further reduce the overall environmental impact of our business activities. These include efficient use of energy and various resources, minimizing chemical substance emissions, managing/reducing waste, preventing soil and groundwater pollution, and conserving biodiversity.

Environmental Impact of the Teijin Group in FY2012 by Input/Output ★

▶▶▶ See website for more detailed information

INPUT

- Energy **31.0** × 10⁶ GJ
- Chemical substances handled **1.258** million tons
- Freshwater consumption **82** million tons
- Seawater consumption **46** million tons



OUTPUT

- CO₂ **2.04** million tons
- Chemical substances **2,820** tons
- Waste with no effective use **4.1** thousand tons
- Total water discharged **121** million tons

Climate Change Initiatives

EN5 EN16 EN17 EN18

FY2012

Reducing Greenhouse Gases Emitted During Manufacturing

Targets for FY2012–2020

Group: Achieve a CO₂ emissions reduction ratio of 1% or more per year (compared to the level in the base year FY2011).

Japan: Reduce CO₂ emissions by 20% or more compared to the FY1990 level by FY2020.

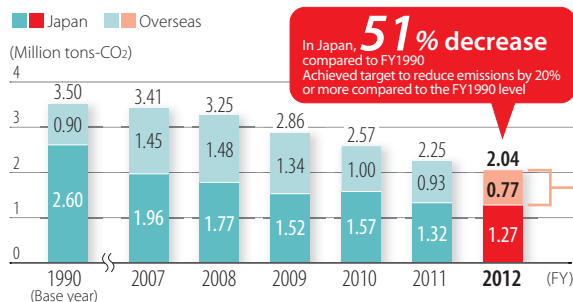
In FY2012, Teijin Group CO₂ emissions were 2.04 million tons, a 9% decrease from FY2011.

In Japan, CO₂ emissions were 1.27 million tons (4% decrease from FY2011) owing to active promotion of energy-saving projects such as increased efficiency of steam usage in the polymerization process at the Teijin Limited Matsuyama Factory (South) and use of inverter-based refrigerator pumps at the Tokuyama Factory, and also thanks to the effect of 100% external supply of electricity at the Tokuyama Factory.

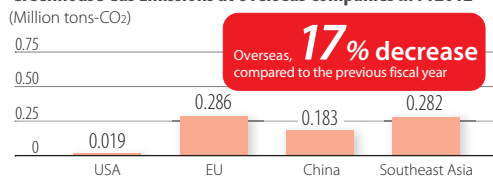
Overseas, CO₂ emissions were 0.77 million tons (17% decrease from FY2011). While this can be attributed in part to the decreased operations at three plants in Thailand, which had to suspend operations temporarily due to flood damage, other efforts which also contributed to this reduction included increasing the efficiency of cleaning-water usage at Teijin Aramid B.V. in the Netherlands and exhaust gas processing improvements at Toho Tenax America Inc., a carbon fiber plant in the USA.

In FY2012, we fulfilled the target to achieve a CO₂ emissions reduction ratio of 1% or more per year (compared to the base year FY2011), with a 9% reduction from FY2011.

Trends in Greenhouse Gas Emissions from Manufacturing Operations *



Greenhouse Gas Emissions at Overseas Companies in FY2012



- Includes CO₂, methane and nitrous oxide.
- Calorific values and CO₂ emissions are calculated according to the coefficient specified in the Law Concerning the Promotion of Measures to Cope with Global Warming (an emissions factor for electricity of 0.555 kg-CO₂/kWh is used for every fiscal year). For power purchased overseas, where known, the relevant emissions factor is used for calculations.
- There was a substantial decrease in FY2010 because TIFICO, who emitted 0.47 million tons of CO₂ in FY2009, was excluded from the calculations.

Reducing CO₂ Emissions Associated with Use of Company Vehicles

In Japan, we set independent numerical targets by business site for CO₂ emissions associated with use of company vehicles. Common measures include updating vehicles used for sales activities to eco-cars and promoting fuel-efficient driving. At Teijin Pharma Limited, in addition to the above measures, we have introduced a

system of recording fuel consumed and distance driven.

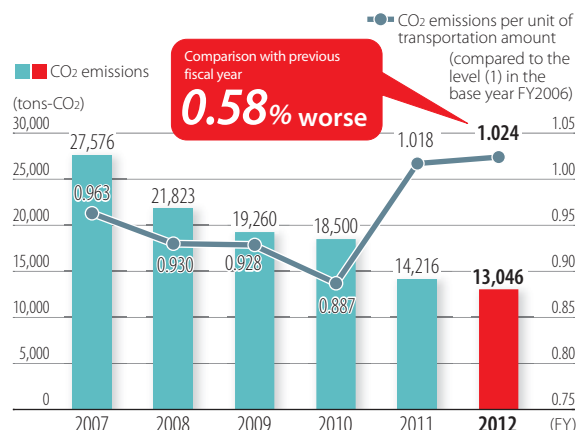
As a result of these initiatives, CO₂ emissions associated with use of company vehicles in FY2012 were 8,314 tons (2% decrease from FY2011).

Reducing CO₂ Emissions in Logistics

In FY2012, Teijin Group CO₂ emissions associated with logistics amounted to 13,046 tons, a decrease of 1,170 tons from FY2011. Based on a reference value of 0.038 kL (crude oil equivalent) per 1,000 ton-kilometers, the CO₂ emissions per unit of transportation amount equaled 1.024 in FY2012 as indexed by setting FY2006 to 1. This represents a 0.58% increase, at odds with our annual target of reducing CO₂ emissions per unit of transportation amount by 1% or more compared to the previous fiscal year.

The main reason for this was the changes to logistics resulting from the reorganization of business groups in FY2010. Regarding products whose overseas production ratio increased, we continued to promote a further shift to railway transportation, which has less environmental impact, and we reduced the number of shipments through batch transportation as a response to decreased shipping of these products in Japan. Despite these efforts, CO₂ emissions per unit of transportation amount for these products increased by 6% compared to the previous fiscal year. On the other hand, regarding products that continued to be produced in Japan, there was a 2% improvement in CO₂ emissions per unit of transportation amount compared to the previous fiscal year. This was made possible by promoting use of sea and railway transportation, and improving the truck loading ratio.

Trends in CO₂ Emissions in Logistics (Absolute Volume and Per Unit of Transportation Amount) *



- In FY2006, Teijin Fibers Limited, Teijin Chemicals Ltd. and Teijin Dupont Films Japan Limited were classified as Teijin Group specific consignors under energy-saving laws in Japan. As such, the boundary of CO₂ emissions in logistics applies to these businesses. However, Teijin Fibers Limited no longer exists; in April 2010, its raw materials and polymer business, and in October 2012 all other businesses except its apparel business, were divided/taken over by Teijin Limited. To retain the comparability with past years, we are continuing to use the boundary of CO₂ emissions in logistics as it was in FY2006. Incidentally, Teijin Limited absorbed/merged with Teijin Chemicals Ltd. in April 1, 2013.

- The calorific value of light oil was changed to 37.7 GJ/kL in FY2010 (38.2 GJ/kL till FY2009)

In FY2013, among other measures, we will further expand modal shift initiatives, improve the loading efficiency through batch transportation and reduce the number of shipments. Notably, since April, we have started a joint initiative with a leading logistics company for transportation using a roll-on roll-off vessel for product shipments from the Matsuyama Factory to the Kanto district and from the Kanto district to the Chugoku district.

Efforts to Reduce CO₂ Emissions from Offices

We are taking measures to improve the efficiency of energy use at the Osaka head office (company-owned building), group company head offices, sales branches and other business sites. A particular measure in summer/winter, besides encouraging suitable operation of office air-conditioning, is the Teijin Cool Biz/Warm Biz initiative, which encourages clothing appropriate for the season (dress code) to facilitate less power consumption and comfortable office environments.

As a result of these activities, CO₂ emissions from offices in FY2012 were 11 thousand tons (1% decrease from FY2011).

Reducing Chemical Substance Emissions

EN8 EN20 EN21
FY2012

Details of Chemical Substance Emissions

■ Targets for FY2012–2020

Reduce chemical substance emissions by 80% or more compared to the FY1998 level by FY2020.

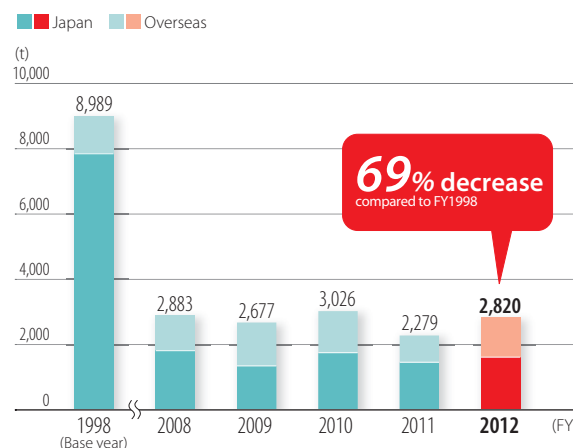
The Teijin Group is actively committed to reducing emissions of all chemical substances listed as Class 1 chemical substances in the Chemical Substances Management Law* revised in April 2010 (462 substances), and those specified by the Japan Chemical Industry Association (433 substances). Excluding duplicated listings, there are 575 specified chemical substances.

The Teijin Group emitted a total of 2,820 tons of chemical substances in FY2012 (24% increase from FY2011). Despite efforts made at each plant in Japan to reduce emissions by ensuring proper maintenance of production lines and other measures, emissions increased by 11% from FY2011 as the use of solvents increased. Overseas, despite measures including repair of recovery equipment, the effect of increased production and other factors led to a 46% increase from FY2011. In terms of the target to reduce chemical substance emissions by 80% or more compared to the FY1998 level by FY2020, a 69% reduction has been achieved so far at the FY2012 stage.

In FY2012, of the total chemical substances emitted into the environment, 98.8% was released into the atmosphere, 1.2% into the water, and 0% into landfill or the soil.

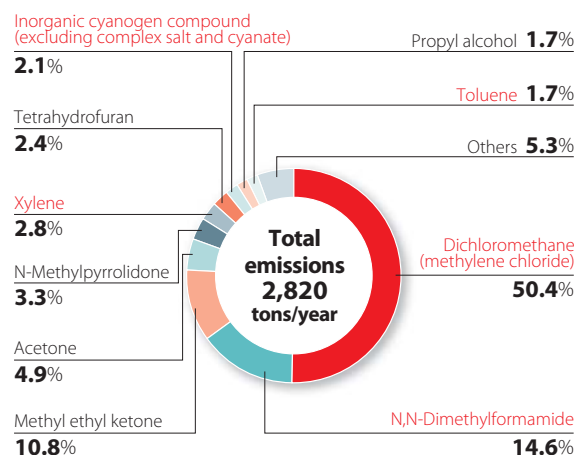
* Chemical Substances Management Law: Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.

Trends in Chemical Substance Emissions ★



• Emissions of Class 1 chemical substances listed in the Chemical Substances Management Law and chemical substances specified by the Japan Chemical Industry Association. The figures shown are the total of emissions into the atmosphere, soil and water, and landfill amount within factories.

Top 10 Chemicals Substance Emissions ★



• Red text denotes chemical substances specified as Class 1 in the Chemical Substances Management Law.

Focus on Reducing/Managing Chemical Substances with Large Environmental Impact through Use of LIME2

The Teijin Group utilizes LIME2* to focus on managing/reducing chemical substances that have a large impact on the environment and ecosystems.

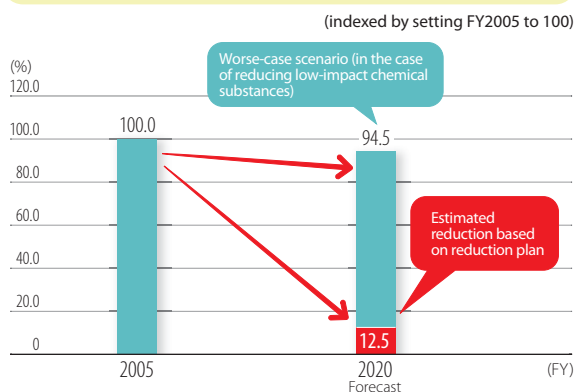
LIME2 allows quantitative measurement of the environmental impact of chemical substances on human health, biodiversity and sectors such as agriculture, fisheries and forestry. To focus on management and reduction of substances that have a large impact on the environment even in small amounts, we have set targets not only for the volume of chemical substance emissions but also

reduction targets that consider environmental impact.

In FY2012, we started a chemical substance reduction campaign based on a determination to reduce emissions of each business group decided in FY2011. We reported this campaign to the LCA Japan Forum (JLCA) in November 2012. In FY2013, we plan to review environmental factors other than chemical substances.

* LIME2: The second version of the Life Cycle Impact Assessment Method Based on Endpoint Modeling (LIME), a life cycle assessment (LCA) method developed through a national project of the National Institute of Advanced Industrial Science and Technology (Japan).

Environmental Impact of Chemical Substance Emissions Using LIME2



Employee Voice

Taking on the Main Responsibility for LIME2 Utilization

Until this area became part of my actual work responsibilities, I had imagined the impact of chemical substances emissions on the global ecosystem, but I had never thought about it deeply.

LIME2 has proved to be an effective tool to determine substances that have a large impact on the environment even in small amounts. Last year, Teijin was able to report our initiatives externally. The application scope of LIME2 itself is now being expanded to allow evaluations of not only chemical substances but also factors such as the impact on use of water resources. In the future, we plan to further review ways in which we can contribute to protection of the global environment through activities at business sites in both Japan and overseas.



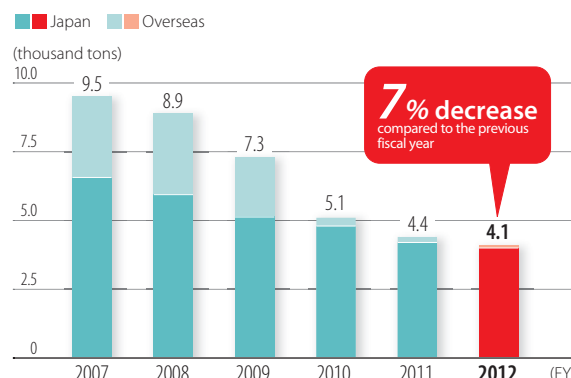
Mr. Keijiro Hattori
Environment,
Safety and Health Group
Tokyo Head Office
Teijin Limited

SOx Emissions and Wastewater Loading (COD, BOD) EN8 EN20

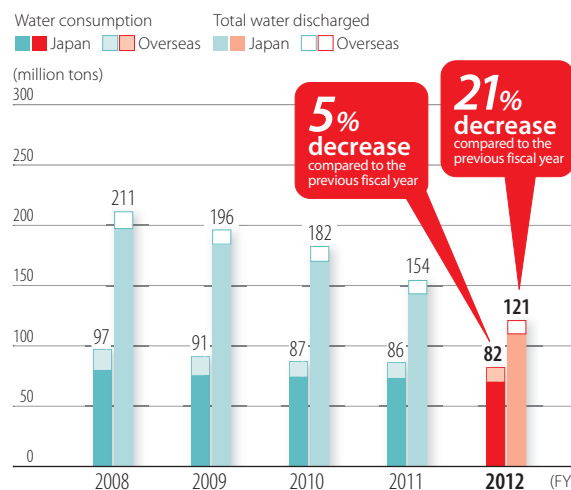
In FY2012, the Teijin Group generated 4.1 thousand tons of SOx as a result of fuel use (7% decrease from FY2011). In Japan, the amount was 4.0 thousand tons (5% decrease from FY2011), and overseas, 0.1 thousand tons (50% decrease from FY2011).

In FY2012, the Teijin Group used a total of 82 million tons of freshwater (industrial water, tap water and groundwater). In addition, we used 46 million tons of seawater, mainly for cooling applications. Both freshwater and seawater consumption was reduced compared to FY2011. Group-wide, a total of 121 million tons of water was discharged (21% decrease from FY2011) as a result of efforts to reduce the discharge amount. The total amount of chemical oxygen demand (COD) load and biochemical oxygen demand (BOD) load associated with the water discharged group-wide was 767 tons (18% increase from FY2011).

Trends in SOx Emissions *

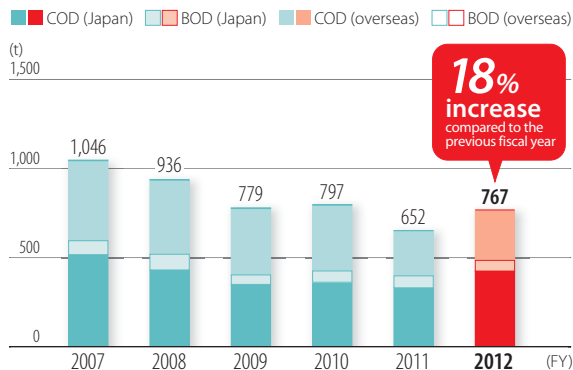


Trends in Water Consumption and Total Water Discharged *



* Water consumption amount includes industrial water, groundwater and tap water.
* Total water discharged includes seawater used for cooling.

Trends in COD/BOD Load ★



- Based on a review of data, we revised the overseas BOD load for FY2007 through FY2011.
- Applies to wastewater discharged into rivers, oceans and lakes.
- COD data is used in cases where both COD and BOD data are available.

Reducing/Managing Waste

EN22

FY2012

Reduction of "Waste with No Effective Use"

■ Target for FY2020

Group: Reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020.

The Teijin Group is committed to reducing the amount of waste it generates, as well as to reducing "waste with no effective use" through promoting a shift to reuse and recycling based on material, chemical or thermal processing. "Waste with no effective use" is waste that is either put directly into landfill or incinerated without heat recovery.

In FY2012, group-wide, we generated 4.1 thousand tons of "waste with no effective use" (6.9% of the total 60 thousand tons of waste transferred). We achieved the target to reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020 ahead of schedule, with a 92% reduction.

Moving forward, we will continue to maintain "waste with no effective use" within the target level.

Improvements through Use of Zero Emissions and Waste Per Unit of Production Amount as Indicators

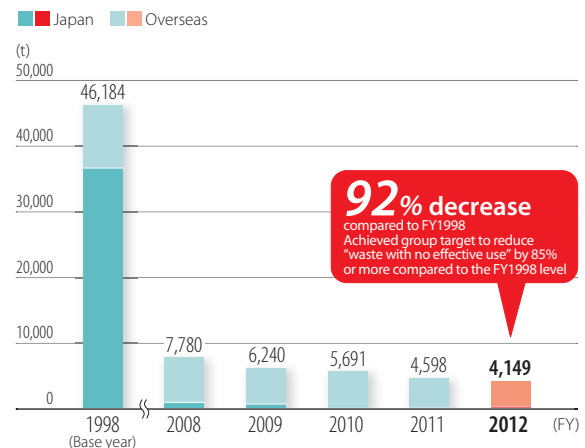
The Teijin Group has defined zero emissions as reducing the ratio of "waste with no effective use" to 1% or less of the total waste generated.

In Japan, factories that produce 500 or more tons of waste all achieved zero emissions by FY2011. Starting from FY2012, we have set a new target to reduce the total waste generated per unit of production amount by 1% compared to the previous fiscal year. The total waste generated in Japan in FY2012 was 32 thousand tons, a 6%

improvement per unit of production amount compared to FY2011.

Overseas, two factories achieved zero emissions. In FY2012, we promoted sorting of waste at Teijin Polycarbonate China Ltd. (TPC), which increased the recycled amount and facilitated effective use of resources.

Trends in "Waste with no Effective Use" ★



- In FY2012, in addition to the 4,149 tons shown in the graph above, 7,862 tons of sludge was generated as a result of dredging a discharge reservoir and was put into landfill at an external site.

Preventing Soil/Groundwater Pollution

FY2012

In FY2006, the Teijin Group formulated guidelines for preventing soil and groundwater pollution. Under the guidelines, we are striving to prevent soil and groundwater pollution resulting from our business operations in Japan and overseas.

Each factory in Japan has implemented appropriate notification responses to revisions of the Water Quality Pollution Control Act effective as of June, 2012. In addition, we will summarize data of the past soil surveys at the composites factories in the Setouchi district in order to realize practical benefits for future land utilization.

Biodiversity Conservation

EN14

FY2012

Biodiversity is affected by chemical substances, greenhouse gases, waste and other forms of environmental impact resulting from business activities.

To enable this situation to be visualized, the Teijin Group has created a map showing risks relating to loss of biodiversity due to business activities and activities to conserve biodiversity. This will facilitate all employees having a clear awareness of the impact of business activities on biodiversity, helping to propel conservation activities forward. Future efforts will involve reviews aiming towards quantifying the effect of each initiative.

We also became a promotion partner of the Keidanren (Japan Business Federation) Declaration of Biodiversity and we are engaged in activities as part of a working group as a member of the Japan Business Initiative for Biodiversity (JBIB), which conducts joint research on the conservation of biodiversity from international perspectives.

Biological Field Studies Using the JBIB Monitoring Sheet

In FY2012, external experts and employees from the Iwakuni Factory and Osaka Research Center took part in biological field studies using the JBIB monitoring sheet.

For example, in August 2012, at the Iwakuni Factory, birds and insects sightings were recorded at two balancing reservoirs and a nearby green area. Many living organisms were observed and it was

particularly interesting to find that these areas are a breeding ground for water birds including the precious yellow-billed egret. Experts commented on the importance of maintaining the green areas within the factory in their current state based on the excellent condition of these areas and the fact that they are rare breeding grounds for birds.

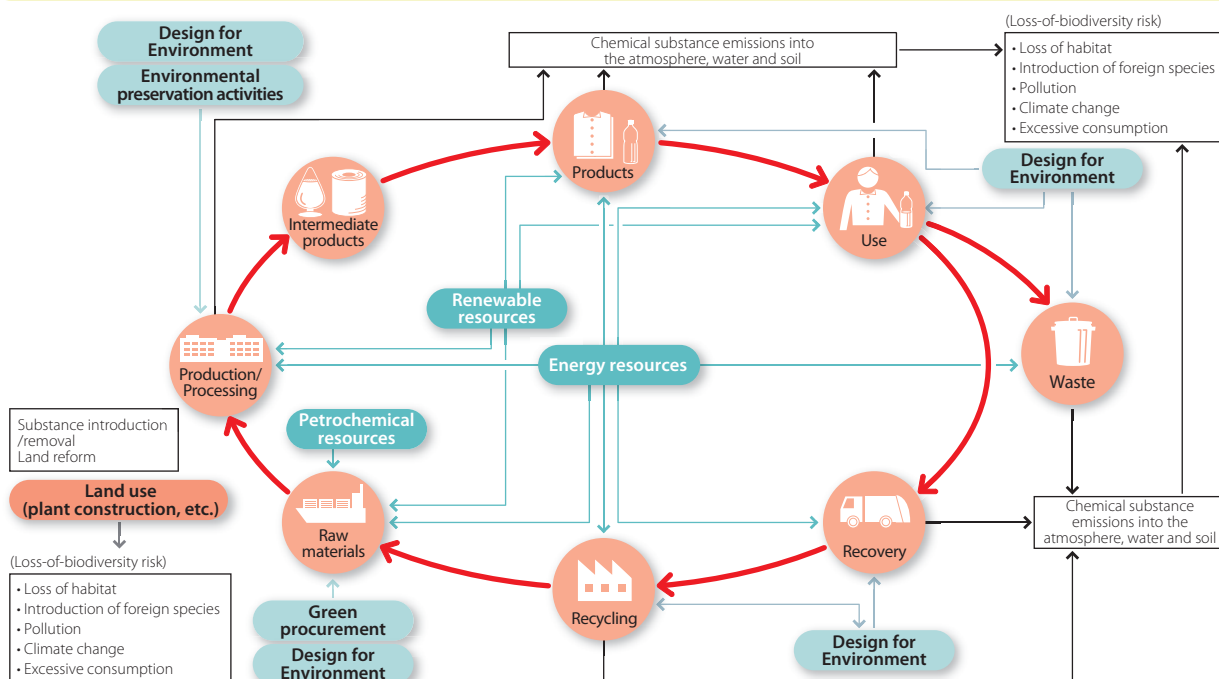


Eastern balancing-reservoir at the Iwakuni Factory where the biological field studies were conducted



Employees taking part in the study

Map of Risks (Biodiversity Loss Due to Business Activities) and Initiatives (Biodiversity Conservation)



Environmental Management 2

Design for Environment

Basic Stance

The Teijin Group defines Design for Environment as product design that aims to reduce the environmental impact of each product through evaluating the overall environmental impact throughout the product life cycle including procurement, production, use and disposal. In addition, we use a unique system of labelling products that have received Design for Environment approval with the “Earth Symphony®” logo, aiming to raise public awareness of our Design for Environment products.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society’s sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

Reference information on website



- List of Products and Processes that have Received Design for Environment Approval

Promoting Design For Environment and the Design for Environment Approval System

We established the Teijin Group Design for Environment Guidelines in January 2008, and we design our products based on comprehensive evaluations of their impact on the environment throughout their life cycles. Using a special checklist, we evaluate new/improved designs of products, manufacturing processes and IT services. We review various measures to reduce environmental impact and apply the results of these reviews in product design.

Furthermore, we operate an original Design for Environment Approval System, under which 31 products have received Design for Environment approval. Even after approval, we conduct product liability/quality assurance audits, and make decisions on whether to renew or withdraw approvals.

Summary of the Design for Environment Evaluation Checklist

1. Safety
2. Energy saving
3. Resource saving
4. Environmental conservation
5. Provision of information
6. Environmental impact reduction in the manufacturing stage

Under the six major items, there are sub-items and spaces for scoring evaluations. The checklist is available in three versions with sub-items/spaces for scoring evaluation relating to either raw materials/materials, finished products, or IT services.

Design for Environment Approved Products "Earth Symphony®"

▶▶▶ See website for more detailed information

FY2012

"Earth Symphony®" is the name displayed as a logo on products that have received Design for Environment approval. In June 2010, "Earth Symphony®" became a registered trademark of the Teijin Group (in Japan). The aim is to promote widespread awareness of Design for Environment in an easy-to-understand way both internally and externally. The "Earth Symphony®" logo is displayed on approved products in various situations.

Since FY2011, we have been continuing with processes to register the name overseas in order to increase global awareness. In FY2011, it was registered in the EU, China and Singapore, and in FY2012, in India and Indonesia.

In addition, in FY2012, there was an approval application from Teijin Aramid B.V. in the Netherlands for a pulp that uses recycled aramid fibers. This was the first time for an overseas group company to apply for approval, and is a sign that awareness is gradually increasing at overseas group companies.



This logo is used to promote awareness among the general public of our initiative for harmonization with the global environment through environmentally conscious corporate activities based on the Teijin Group Design for Environment Guidelines.

Supporting Widespread Use of the Guidelines for Calculating Avoided CO₂ Emissions

FY2012

The Teijin Group has been participating in an LCA working group of the Japan Chemical Industry Association (JCIA) since FY2011. In FY2012, we worked hard to promote the widespread use, both internally and externally, of guidelines for calculating avoided CO₂ emissions of chemical products using the c-LCA method. Moreover, as part of this same working group, we reevaluated the c-LCA evaluation results based on these guidelines, and a report called "Life Cycle Assessments of Chemical Products in Japan and Overseas" (JCIA report, 2nd Ed.) was published (in Japanese) introducing specific examples (10 in Japan, 4 overseas) of avoided CO₂ emissions.

Through the International Council of Chemical Associations (ICCA), we are assisting in efforts to establish global chemical sector guidelines for calculating avoided CO₂ emissions, and we are committed to expansion of these guidelines to the industry worldwide.

Besides this, Teijin Limited is also participating in an LCA working group of the Japan Chemical Fibers Association (JCFA).

Showcase of Products that Have Received Design for Environment Approval

Close-up 1 REFTEL®



REFTEL® is a highly transparent and heat-reflective insulating film which enables energy-savings through improving the temperature conditions near windows. It provides a level of brightness not attainable with other materials such as evaporated aluminum film, and possesses superior durability/thermal insulation and high transparency.

Close-up 2 Tenax®



Tenax® is a carbon fiber used in applications such as automobiles, aircraft and the blades of wind power generators for its high-strength, high tensile modulus and lightweight characteristics. Use of Tenax® carbon fiber leads to reductions in weight and power consumption, thereby contributing to reduction of CO₂ emissions.

Environmental Management 3 Environmental Businesses

Basic Stance

With the ultimate aim of helping solve global environmental issues, we are utilizing our technologies cultivated over many years to focus efforts on developing cutting-edge materials that contribute to reducing CO₂ emissions, recycling technologies that enable reuse of water and other resources, as well as wider adoption of our products.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

Medium- to Long-term Management Vision "CHANGE for 2016"

As a basic policy, press forward with growth strategies in green chemistry and provide sustainable value in the form of solutions.

Contributing to the Realization of a Low-carbon Society Developing Technologies, Promoting Products

EN26

FY2012

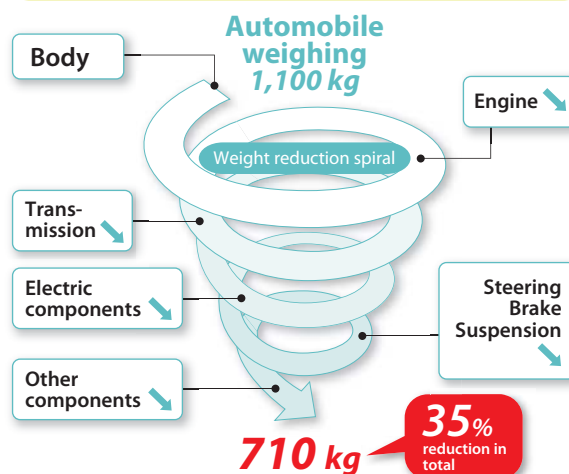
Carbon Fiber and Polycarbonate Resin Contributing to Weight Reductions in Transportation

In order to realize lighter automobile bodies and aircraft fuselages, and thereby contribute to enhanced fuel efficiency and reduced CO₂ emissions, the Teijin Group is working hard to develop and increase the widespread use of *Tenax*® carbon fiber, composite materials that use *Tenax*®, and *Panlite*® polycarbonate resin, materials which are more lightweight and stronger than conventional materials such as iron, aluminum and glass.

In 2011, we established a mass-production technology enabling components that use thermoplastic carbon fiber reinforced plastic (CFRP) to be molded in less than one minute. We also designed a concept car with a thermoplastic CFRP body structure that weighs a mere 47 kg, approximately one-fifth the weight of a steel structure, showing that incredible weight reductions can be realized.

For more information on our automotive products, please see the News Flash on pages 17–18.

Weight Reductions of Body through Use of Thermoplastic CFRP and the Resulting Spiral Effect

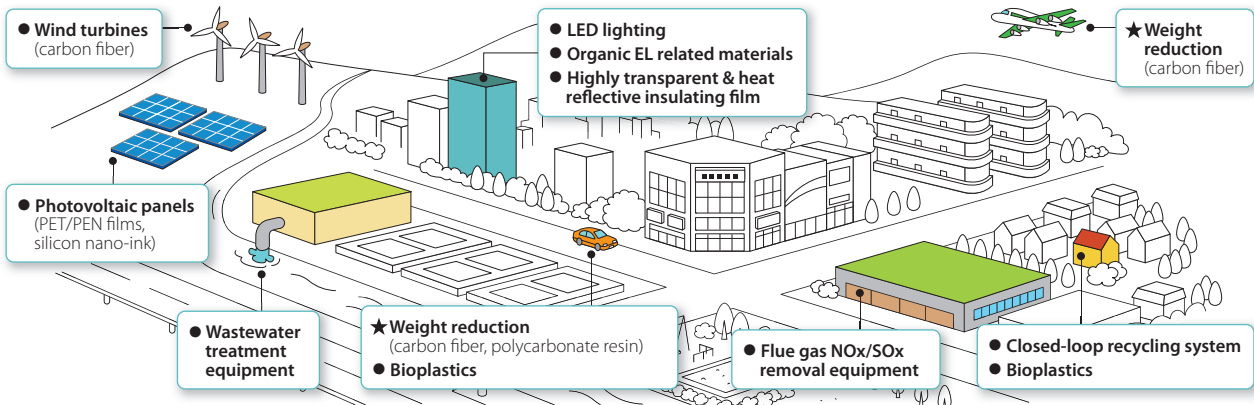


Promoting the Spread of Renewable-energy-related Products

Teijin Group products are making vital contributions in renewable energy fields where CO₂ is not emitted at the time of power generation, such as photovoltaic (PV) and wind power generation.

For example, in PV generation, PET film is used in back sheets of PV panels. Furthermore, through use of silicon nano-ink, currently under development, for power generation materials, we will aim for improved productivity leading to cost reductions. In wind power generation, *Tenax*® carbon fiber enables larger wind turbine blades, contributing to improved power generation efficiency.

Teijin Group Environmental Businesses



Promoting the Spread of Energy-efficiency-related Products

The Teijin Group provides various products that facilitate further advances in energy efficiency. A shining example of this is the *LIELSORT®* separator for lithium-ion secondary batteries used in large storage batteries and electric vehicles. *LIELSORT®* is an innovative separator that realizes astoundingly higher capacity without deteriorating under high voltage. In June 2012, we started production of these separators at a joint venture in South Korea.

A further addition to our product line-up as of January 2013 is a polycarbonate resin sheet that realizes the world's highest level of flame resistance and transparency as a LED lighting material, and contributes to enhanced performance and safety of LED lighting.



MSABP®

See pages 13–16 for our feature on *ECO CIRCLE™*

Contributing to Realization of a Recycling-oriented Society Developing Technologies, Promoting Products EN26 FY2012

Expanding our Wastewater Treatment Business in Japan and Overseas

The Teijin Group promotes recycling/reuse of wastewater through its wastewater treatment business. The core technology of our wastewater purification treatment system is the multistage activated biological process (*MSABP®*). As well as purifying wastewater via microorganisms, *MSABP®* uses the microbial food chain to control the generation of excess sludge.

MSABP® has been highly evaluated for its sludge volume reduction, low maintenance, low power consumption and low cost, and its use is continuing to expand in emerging countries such as Angola and China, where urbanization and industrialization is progressing. In FY2012, *MSABP®* was adopted as part of a package contract in Shenyang city, China as equipment that can realize ideal decentralized treatment.

We have also developed technologies for wastewater reuse, including *ELCAT®*, an electro catalytic method, and *HiPOx®*, an advanced oxidation water treatment. Besides these technologies, we also provide total solutions that include wastewater analysis, assessment and consulting services.

Towards Expansion of Environmental Businesses FY2012

Utilizing the knowledge gained through experiencing the environmental problems during Japan's period of rapid economic growth, the Teijin Group proposes products and services that contribute to reducing environmental impact in emerging countries in Asia and other regions where strong economic growth is expected.

As part of this, in March 2013, we participated as an exhibitor at the Eco-products International Fair, one of the largest international environmental exhibitions in Asia. This year, our exhibition booth showcased solutions under the main themes of "clean transportation," "effective use of resources" and "enhancing quality of life."



Eco-products International Fair

Disaster Prevention Activities

Basic Stance

In order to prevent accidents and disasters such as explosions, fires, and leaks/spills of hazardous substances, we adhere strictly to disaster prevention management standards, and we are committed to preventative action/recurrence prevention including earthquake/tsunami countermeasures.

Corporate Code of Conduct

1. Respect human life and give due consideration to safety and health concerns

The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities.

System to Promote Disaster Prevention Management

The Teijin Group is engaged in disaster prevention management and has established group-wide Disaster Prevention Guidelines. For each fiscal year, we design plans based on these guidelines relating to preventative measures such as disaster prevention assessment, fire prevention and earthquake countermeasures as well as disaster prevention training, drills and upgrading of fire prevention equipment.

Business groups manage the implementation status and achievements of these disaster prevention activities, and they give guidance to improve any areas of non-compliance. The results of this are then audited by the Chief Social Responsibility Officer at the end of each fiscal year.

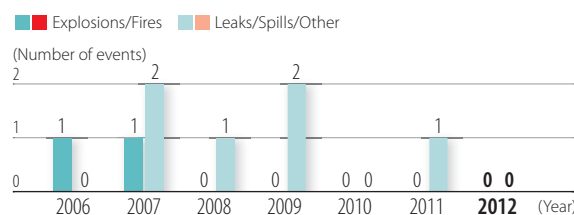
Activities Aimed at Realizing Zero Serious Accidents

FY2012

Aiming to realize zero serious accidents such as explosions, fires, and leaks/spills of hazardous substances, we are enhancing disaster prevention management group-wide.

In FY2012, at another companies' chemical plants in Japan, there were multiple accidents involving fires caused by explosions. Information regarding the accident circumstances, cause and countermeasures were shared among our factories and we implemented group-wide measures to prevent a similar accident. Activities such as these enabled us to achieve zero serious accidents.

Trends in the Number of Serious Accidents and Disasters ★



• Figures are calculated based on calendar years.

Implementing Disaster Prevention Assessments

FY2012

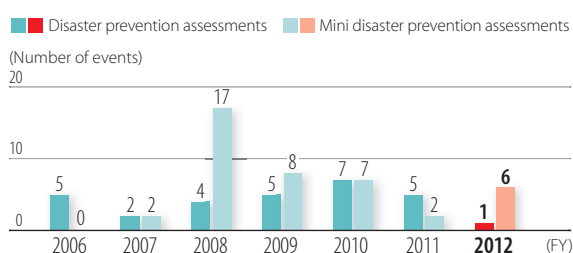
The Teijin Group has been conducting disaster prevention assessments since 1980 and mini disaster prevention assessments since 2008 in line with our own independent standards.

In disaster prevention assessments, safety is assessed every five years by experts in manufacturing, facilities and environment, safety and health at a total of 20 plants in Japan and internationally. These are plants where large amounts of high-pressure gases or hazardous substances are handled. In FY2012, we trialed facility earthquake-resistance

assessments/countermeasures, which we plan to systemize in FY2013.

Mini disaster prevention assessments mainly examine fire prevention, focusing on locations where there may be a risk of small-scale fires, such as near boilers and places where hazardous materials and combustibles are stored (20 factories). In FY2012, as planned, we conducted a disaster prevention assessment at one plant and mini disaster prevention assessments at six factories.

Trends in the Number of Disaster-prevention-assessed Plants★



Activities of the Specialist Disaster Prevention Team

FY2012

The Teijin Group has set-up a team consisting of current/former employees and external experts who have vast knowledge and experience in disaster prevention. This specialist disaster prevention team works to upgrade Teijin Group disaster prevention both in Japan and overseas, through providing technical support for voluntary disaster prevention activities at our chemical plants and in-house power generation plants.

In FY2012, the team provided guidance to the division responsible for implementing disaster prevention assessments and supported accident-prevention measures being put into practice at each plant. In addition, the team decided the content of group-wide measures in response to accidents involving fires caused by explosions at another company's chemical plant.

Disaster Prevention Management Skills Training

FY2012

With the objective of developing managers who possess both knowledge of disaster prevention and practical on-the-spot capabilities, we held disaster prevention management skills training starting in May 2012 and running for approximately one year. This time, 20 participants completed the program, which discussed the main themes of disaster prevention skills related to operation/facility management, training through hands-on experience and case examples of accidents. After completing the training, participants wrote a short essay on the topic of how they would apply what they had learned in the training in their respective divisions and they will report on the results of this in a year's time.

Fire Prevention Activities

FY2012

Since 2008, November 10 has been the Teijin Group Fire Prevention Day. On this day each company conducts its own fire prevention activities as well as group-wide activities such as the periodical fire prevention check. These activities are shared group-wide, helping to strengthen the fire prevention system.

TOPICS

Focusing on Fire Prevention Activities at Teijin Limited's Matsuyama Factory

At the Teijin Limited Matsuyama Factory, as activities for Fire Prevention Day, in addition to communicating the factory manager's message, all divisions conducted the following activities: 1) fire prevention talk from division manager, 2) fire prevention patrol, 3) fire prevention training, 4) disaster prevention drill, 5) inspection based on fire prevention management checklist, 6) check of update status of fire extinguishers and 7) independent fire prevention activities of each division. Besides these activities, we are proceeding with plans to enable all factory employees to undergo training involving actual use of fire extinguishers. As a result of these activities, the fire-prevention awareness of each and every employee is increased, laying the foundation for a serious approach to fire prevention and the ongoing result of zero fires.



Training involving actual use of fire extinguishers

Earthquake Countermeasures

FY2012

In order to minimize damage caused by a large-scale earthquake, we conduct earthquake-resistance assessments and we are continuing with measures for the 19 buildings that were found not to comply with a 2006 revision of the Promotion of Building Earthquake-resistance Reinforcement Law.

In FY2011, we finished reinforcing the earthquake-resistance of one building, and in FY2012, we made plans to implement measures for the remaining 18 buildings. We plan to complete earthquake-reinforcement measures by the end of March, 2015.

Occupational Safety and Health

Basic Stance

A company cannot hope to grow sustainably without ensuring the occupational safety and health and hygiene of its employees. In order to provide workplace environments that consider safety and health, we are taking steps to realize zero occupational accidents, redress long working hours and improve the mental health of employees by implementing the necessary improvement measures.

Corporate Code of Conduct

1. Respect human life and give due consideration to safety and health concerns

The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities.

Reference information on website



- Current Status of OHSAS 18001 Certification
- Teijin Group Health Walk Held
- Preventing Nano-material-related Health Problems

Promoting the Three Pillars of Safety Activities

LA9

In order to prevent occupational accidents, the Teijin Group has established three pillars of safety activities: the "5S" initiative (five Japanese words [seiri, seiton, seiso, seiketsu and shitsuke] which correspond to organization, tidiness, cleaning, hygiene and discipline), the "Hiyari-Hatto" (meaning close call or near miss) initiative and safety patrols.

Utilizing the information obtained through these activities, we aim to enhance individual awareness of risks, and communication in the workplace.

Initiatives Aiming for Prevention of Lost Time Injuries

LA7

FY2012

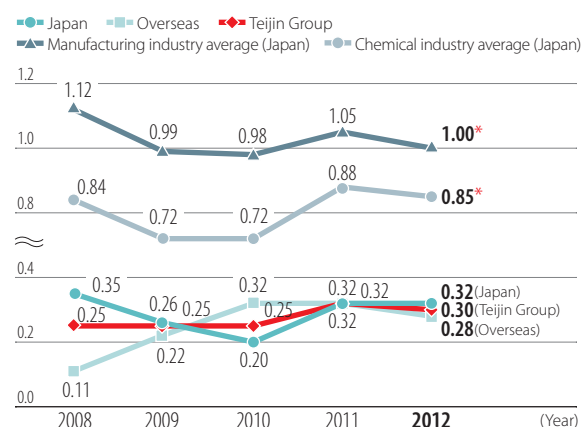
In FY2012, the Teijin Group set a target to maintain the annual lost time injury frequency rates* to under 0.25, promoted the three pillars of our safety activities, shared occupational accident information and applied it group-wide, and conducted ESH training and guidance in Japan and overseas.

However, the target was not achieved, with lost time injury frequency rates for the 2012 calendar year of 0.32 in Japan, 0.28 overseas, and 0.30 group-wide. Of the occupational accidents, in regard to the accidents involving being caught in rotors (accidents caused by rotors) that occurred at Teijin Group factories in December 2012 and February 2013, we strengthened recurrence-prevention measures.

In FY2013, we will continue aiming to maintain the annual lost time injury frequency rates to under 0.25, and focus especially on activities to prevent accidents caused by rotors and damage to health caused by chemical substances.

* Lost time injury frequency rate: The number of occupational accidents resulting in leave of absence per one million working hours.

Lost Time Injury Frequency Rates*



• Figures are calculated based on calendar years.

* Source: Ministry of Health, Labor and Welfare, Japan: Survey on Industrial Accidents.

Enhance Recognition of the Three Major Occupational Accident Prevention Guidelines

LA9

FY2012

The three major kinds of occupational accidents have been specified as: 1) accidents involving being caught in rotors, 2) accidents involving contact or collision with transport equipment, and 3) falls or slips on walkways or staircases, and we have established prevention guidelines for these three major kinds of occupational accidents.

In FY2012, in order to enhance recognition of these guidelines, an overview of the guidelines was given at each training session and at audits in Japan. Additionally, in order to apply recurrence-prevention measures for accidents caused by rotors, we created a checklist in accordance with the guidelines. As a trial, in December 2012, we started checking the status of safety measures at some relevant business units. In FY2013, we plan to review the checklist based on the results of this trial, and apply it group-wide.

Group-wide Sharing of Occupational Accident Information and Responses at the Time of an Accident

LA9

FY2012

Information relating to all occupational accidents resulting in lost time due to injury that occur at Teijin Group companies is distributed via an Intranet to enable these experiences to be used as a reference, and to help prevent the recurrence of similar accidents.

In particular, in the case that the circumstances and cause of the accident satisfy the requirements for a special audit as described in the ESH Audit Regulations, a special audit is performed with the Teijin Group ESH Subcommittee Chairperson as the auditor. Special audits check the status of onsite investigations to determine the cause of the accidents, the progress of recurrence-prevention measures and whether or not there are any points for improvement.

The two accidents caused by rotors that occurred at Teijin Group factories in FY2012 satisfied the requirements for a special audit, and special audits were carried out in May 2013.

Enhancing Mental Health Measures/Preventative Action for Lifestyle Diseases to Ensure Health and Hygiene

LA8

The Health Care Administration Office is responsible for planning/promoting health management measures of Group employees in Japan. Every month, the Health Care Administration Office collects data on the mental health of employees and reports to the management and each business. It also diagnoses stress levels at all workplaces every March, and for workplaces where health risk values exceed the Teijin Group workplace improvement standard, it proposes improvement activities (e.g., setting times for bosses to communicate information/hold discussions).

In April 2008, it became mandatory for health insurance providers in Japan to provide specific medical check-ups and guidance (also known as metabolic syndrome check-ups/health guidance). Under the national standard, all employees aged 40 or over are subject to the check-ups. However, the Teijin Group encourages check-ups for all its employees regardless of age. Check-ups are conducted by industry medical staff at head offices and other business sites on a group or individual basis, and ongoing support is provided for six months.

Diagnosis of Stress Levels at All Workplaces and Enhancing the Individual Counseling System

LA8

FY2012

The Health Care Administration Office diagnoses stress levels at all workplaces every March. For workplaces where health risk values exceed the Teijin Group workplace improvement standard, it proposes improvement activities matched to the workplace (e.g., setting times for bosses to communicate information/hold discussions at weekly/monthly meetings). In FY2012, we diagnosed stress levels at 796 workplaces, proposed improvement measures for 63 workplaces and implemented improvement measures at 59 workplaces.

In FY2013, we plan to coordinate with human resource managers to promote assertive/active mental health measures, such as regular meetings/talks/surveys, targeting employees in environments where work-related problems are relatively more likely to occur such as workplaces with high workloads.

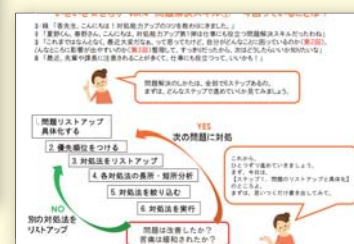
TOPICS

Posting Useful Health Advice on Our Intranet

Since November 2012, we have been running a health advice column that explains issues relating to mentality and problem-solving skills.



Intranet Health-advice column



Distribution of Added Value to Stakeholders

Basic Stance

There are a wide range of stakeholders in the Teijin Group. With this in mind, as the social responsibility of the Teijin Group, we place importance on maintaining a profit through our business, and distributing the resulting added value to stakeholders in an appropriate manner.

Corporate Code of Conduct

2. Coexistence with the global environment

The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.

3. Contribute to society and support the development of local communities

The Teijin Group contributes through its business operations to the development of the economy of the countries or regions in which it locates its bases. In addition, from the perspective of promoting mutually beneficial coexistence with society, the Teijin Group conducts appropriate activities to contribute to society as a responsible corporate citizen, and actively participates in and supports the fields of science, education, culture, and athletics, as well as preservation of the environment, prevention of disasters, and rescue operations.

5. Respect stakeholders

In conducting its operations, the Teijin Group respects the interests of its stakeholders, including shareholders, employees, customers, suppliers, local community residents and others, and strives to engage in dialogue with them. In addition, with the exception of trade secrets and other confidential information, the Teijin Group is committed to disclosing publicly, in an appropriate manner, any information that is both related to its operations and important to society.

7. Respect the personality and individuality of employees

The Teijin Group respects the personality and individuality of its employees and accepts their diversity including nationality, gender, religion and attributes. The Teijin Group also secures safe and comfortable working environments, while encouraging its employees to realize an affordable and fulfilling lifestyle.

Reference information on website



● Distribution of Added Value to Stakeholders

Distribution Results in FY2012

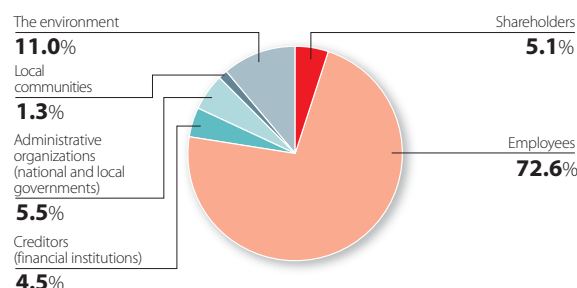
4.14 EC1

The added value obtained in FY2012 was distributed to major stakeholders as follows.

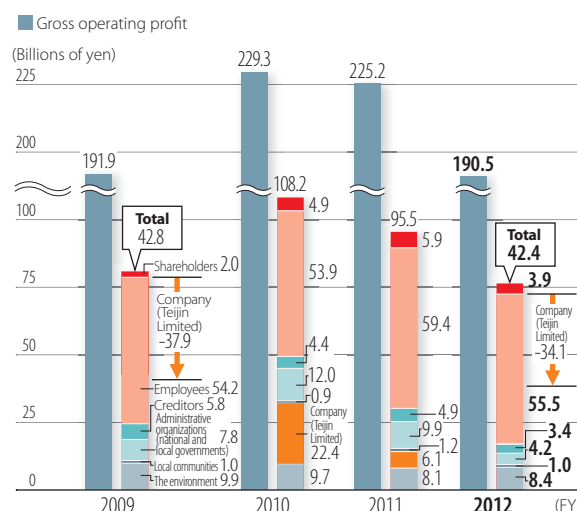
The total amount of added value was calculated by subtracting expenses for transportation, R&D, marketing promotion and tenancy, tariffs, depreciation, and other selling, general and administrative expenses (SGA) from gross operating profit (net sales minus cost of sales), and adding independently calculated social contribution expenses and environmental preservation expenses.

These final two expenses are included in either other SGA or manufacturing costs. Additionally, social contribution expenses include the use of company facilities by local residents and services provided by employees converted to a monetary value. For distribution of added value, the stakeholder classification is listed as "local communities."

Percent Allocation of Added Value to Stakeholders



Trends in Added Value Distribution to Stakeholders ★



Independent Assurance Report



Independent Assurance Report

To the President and CEO of Teijin Limited

Purpose and Scope

We were engaged by Teijin Limited (the "Company") to provide limited assurance on its CSR Report 2013 and Corporate Social Responsibility website (<http://www.teijin.com/csr/>) (the "Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the environmental, social and economic performance indicators marked with a red star ★ (the "Indicators") for the period from April 1, 2012 to March 31, 2013 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria; and
- all the material sustainability information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material sustainability information, we used the 'Sustainability Reporting Assurance and Registration Criteria' of J-SUS.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS.

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Company's domestic factory selected on the basis of a risk analysis.
- Assessment of whether or not all the material sustainability information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report; and
- all the material sustainability information defined by J-SUS is not included in the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 4, 2013

Opinions from Third Parties (Opinions from Experts)

Aim for CSR Activities with Practical Meaning Considering Interest/ Issue Differences in Japan and Overseas

Mainly on Corporate Governance and Corporate Ethics

Firstly, the report has become much easier to read overall. This year, the report states the Basic CSR Policy, and then the basic stance for each item. Each activity is an expansion of the ideas outlined in the basic stance so the relevance is very clear. For employees too, I think the report will be very satisfying because it shows the positioning of activities they are involved in in a well-organized manner. Summarizing information posted on the website for each item is also effective. It is easy to see how the report and website link together and I can see the ingenuity and efforts that have gone into improving the layout according to each medium.

Improvements have also been made with respect to providing more details on each individual initiative, one of the issues I pointed out last year. For instance, there is detailed reporting of the training materials for the Corporate Ethics Workshop for All Employees and the content of changes in the Risk

Countermeasures Sheet used in risk management. The originality of the activities and Teijin's seriousness about these issues are clear.

There is also room for further improvement. In this year's report, Teijin has shown awareness that it is reporting as a global company by including a comparative table with ISO 26000. In regard to the initiative to self-evaluate activities at their current stage in accordance with ISO 26000, I would like Teijin to be aware that issues and the content of activities may differ from one region to another, even for the same theme. For example, human rights activities is an internationally important theme but the feelings toward human rights are substantially different between Japan and other countries. Next year, I would like Teijin to aim for activities that have more practical meaning by demonstrating the differences between Japan and overseas in terms of requirements and responses.



**Yoshinari Koyama, Ph.D.
(Commerce)**

Professor of Business Administration, College of Economics Kanto Gakuin University

After serving as an assistant professor at the School of Commerce of Yamanashi Gakuin University and associate professor at the College of Economics of Kanto Gakuin University, Dr. Koyama assumed his current position in 2010. He is also a senior researcher at the Business Ethics Research Center and a part-time lecturer at the School of Business Administration of Yokohama National University. He is the author of many literary works including "CSR Management" published by HAKUTO-SHOB0 Publishing Co., "Gendai CSR Keiei Youron" (Modern CSR Management Summary) published by SOSEISHA Co. and "Nihon no Kigyō Rinri" (Corporate Ethics in Japan) published by HAKUTO-SHOB0 Publishing Co.

Moving Beyond an "Activity Report" to Becoming a New "Future-oriented Report"

Mainly on Environmental Preservation Activities

Last year, regarding compliance with ISO 26000, I pointed out the need to check Teijin's initiatives against each of the 37 issues. Progress has been made this year in the form of self-evaluations in the comparative table with ISO 26000. The next step is to extract issues from those self-evaluations. Clarifying the sufficiencies and insufficiencies of initiatives will show readers that Teijin is making purposeful efforts to improve and will make the report more convincing.

The report has also been improved in that it shows the Corporate Code of Conduct and basic stance for each item, clearly showing the starting point and target point of activities. In terms of content, the feature on *ECO CIRCLE™* is commendable. It represents a challenge undertaken to resolve social and environmental issues through Teijin's main business. In CSR, there is often an impression that the social contributions and main business do not link to each other, but for the *ECO CIRCLE™* project, much can be expected from both environmental and business perspectives. The only thing I think needed improving was to show the changes in recycled volume in addition to the number of

participating companies in the section showing the ten-year history.

In addition, I suggest a review of item 2 of the CSR Basic Policy where it states "as a 'CSR champion' in Teijin's way" because it is ambiguous and misleading.

What I expect from Teijin hereafter is a "future-oriented report" that is wittingly integrated. Presently, the report only goes as far as being a summary of the activities undertaken in the year gone by. Setting achievement targets for future initiatives and clarifying short-, medium- and long-term implementation challenges will give readers a clear picture of the future and will provide employees with indicators of the progress of each activity.

For this purpose, I suggest introducing a typical key performance indicator (KPI). Doing so would be very effective to promote global business as it provides a common indicator for countries with different cultures and languages. The process would be to implement the PDCA cycle using a KPI as the target and then to present the results in a report. I look forward to seeing such a report based on a new model of reporting.



Masahiko Kawamura

Senior Research Fellow, Insurance Research Group, NLI Research Institute

Mr. Kawamura graduated from the Graduate School of Engineering, Kyushu University. After being engaged in offshore oil-related project management at MODEC, Inc., he joined NLI Research Institute in 1988. His research has centered on environmental management, environmental ratings, corporate social responsibility, and environmental business. Mr. Kawamura is the author of many papers including "CSR Keiei de Nani wo Mezasu no ka?" (What to Aim for in CSR Management), "CSR Houkokusho Kara Tougou Houkokusho e" (From a CSR report to an Integrated Report), "CSV wa CSR no Shinkakei Darou ka?" (Is CSV an Evolved Form of CSR?) and other publications such as "Kankyō Keiei Nyūmon—Sustainable Management wo Mezashite" (An Introduction to Environmental Management—Aiming for Sustainable Management) (Nippon Kogyō Shimbun), "SRI to Atarashii Kigyō/Kinyū" (SRI and New Corporations/Finance) (Toyo Keizai Inc.), and "Carbon Disclosure" (Zeimukeiri Kyōkai Co., Ltd.).

Endeavor to Become Transnational and Bring Together Positive Elements From Each Region of the World

Mainly on Human Resources and Labor Management

Last year, I pointed out the importance of the response to cultural diversity as a global corporation and made suggestions such as introducing a personnel system operated according to the same standards globally. This year, I would like to additionally propose a viewpoint that could be important for such initiatives to progress. That is, rather than basing everything on the values of a specific place, such as head office in Japan, the starting point should be to respect each country's culture and to bring together the positive elements of each region. The reason I say this is because of the strong effect that foreign cultures will have on Japan as globalization accelerates and the exchange of human resources with other countries in Asia and in other regions around the world increases.

I would like Teijin to aim to become transnational in the sense of going beyond national borders. The wider the variety of cultures included in this process, the easier it will be to see points in common. Teijin's

globally shared values/standards could then be created from these points in common.

From a transnational perspective, the ratio of females in managerial positions at Teijin is not high. In other Asian countries and in the West, it has become a matter of course that there are women in important positions. Having said that, there is no sense in simply aiming to improve the ratio of females in managerial positions. The important point is whether females can serve out their managerial positions. It will be necessary to consider work-life balance and make efforts to enhance motivation.

Furthermore, whether talking about men or women, promoting work-life balance of employees is linked to their subsistence, which is in itself linked to the sustainability of society. A relationship is established where the company provides employees with a sustainable working environment and employees contribute to the sustainable development of society and the company.



Kohji Okubayashi, Ph.D.
(Business Administration)

Vice President & Professor, Faculty of Business Administration, DBA, Osaka International University

After serving as a visiting researcher at the University of California, Berkeley, Dr. Okubayashi was a visiting fellow at the Industrial Relations Research Institute, the University of Wisconsin, a professor at the School of Business Administration at Kobe University, and a visiting professor at Aix-Marseille Université. He was Vice President of Setsunan University, and then assumed his present post in April 2012. Dr. Okubayashi is the author of many books including "Nyuumon. Jinteki Shigen Kanri" (Introduction to Human Resources Management) published by Chuokeizai-sha and "Kyu-u-Sorenpo no Roudou" (Labor in the Former Soviet Union) published by Chuokeizai-sha, and "Keiken Kara Manabu Keieigaku Nyuumon" (Introduction to Business Administration Learned from Experience) published by Yuhikaku.

It Is Necessary to Be Aware of, Review and Appeal to What Teijin's Social Contribution Activities Are

Mainly on Social Contribution Activities

Last year, I suggested that priority fields and the breakdown of categories be organized appropriately. In response to this suggestion, organization has been carried out based on two key areas: "Supporting local community development" and "Fostering volunteer personnel." It would also be good to take one step further in regard to the activities in various regions reported in "Supporting local community development." That is, I would like Teijin to identify issues that need to be addressed in local community development as well as initiatives to resolve the issues. For example, the cases in this year's report and on the website clearly show a focus on sound development of young people. This could be positioned as a priority theme and introduced along with relevant social issues.

Teijin organizes CSR activities into three categories and positions social contributions as Selective CSR. However, this may give the impression that Teijin only conducts social contribution activities if it has the time/resources. I suggest that Teijin considers

reviewing once again how it perceives social contributions. Generally speaking, the objective of companies is to achieve profits. My perspective of this is that the objective of companies should be to realize affluence and comfort in people's lives, and contribute to developing society. Profits should only be a means to achieve this. From this perspective, Teijin aims to create a better society not only through what are generally recognized as social contribution activities but also through their main business, a prime example being *ECO CIRCLE™*. Projects such as *ECO CIRCLE™*, which has evolved steadily and been expanded in partnership with stakeholders, are social contribution activities worthy of special mention. I would like Teijin to take a wider perspective on how it perceives its own social contributions and present this as a more convincing message. I am sure doing so will foster greater pride among employees and further increase the number of Teijin supporters.



Yoko Takahashi
President, Japan Philanthropic Association

Ms. Takahashi joined the Japan Philanthropic Association in 1991 after serving as a high school teacher and a psychologist. After positions as a director and the secretary-general, she assumed her present post in 2001. Ms. Takahashi is the author of "Philanthropy Nyuumon" (Introduction to Philanthropy) (Kainan Shobo), "Rokujussai Kara no Iki-iki Volunteer Nyuumon" (Introduction to Becoming an Active Volunteer After Reaching Sixty) (Nippon Kajo Shuppan) and "Shakai Koken e Youkoso" (Introduction to Social Contributions) (Kyuryudo).

Comparative Table with ISO 26000

This table introduces Teijin Group activities as they apply to the seven core subjects of ISO 26000, international standards for social responsibility.

Core subjects	Issues	Activities	Reference page(s)
Organizational governance	1. Organizational governance	CSR Management Plans, Goals, Performance and Self-evaluations Corporate Governance Compliance and Risk Management	P19–22 P23–26 P27–28 P29–30
Human rights	1. Due diligence	Risk Management	P29–30
	2. Human rights risk situations	—	
	3. Avoidance of complicity	CSR Procurement	P37–38
	4. Resolving grievances	Counseling and Reporting System	P30
	5. Discrimination and vulnerable groups	Promoting Diversity Among Employees	P34–35
	6. Civil and political rights	Corporate Ethics Month Campaign	P36
	7. Economic, social and cultural rights	Human Resources Management	P33–36
	8. Fundamental principles and rights at work	Corporate Ethics Month Campaign Human Resources Management CSR Procurement	P36 P33–36 P37–38
Labour practices	1. Employment and employment relationships	Human Resources Management	P33–36
	2. Conditions of work and social protection	Human Resources Management	P33–36
	3. Social dialogue	Maintaining Sound Industrial Relationships	Website
	4. Health and safety at work	Occupational Safety and Health	P57–58
	5. Human development and training in the workplace	Human Resources Development Risk Management Disaster Prevention Activities	P33–34 P29–30 P55–56
The environment	1. Prevention of pollution	Environmental Preservation (Reducing Chemical Substance Emissions) Preventing Soil/Groundwater Pollution Compliance and Risk Management	P47–48 P49 P29–30
	2. Sustainable resource use	Environmental Preservation (Reducing/Managing Waste) Design for Environment Environmental Businesses	P49 P51–52 P53–54
	3. Climate change mitigation and adaptation	Environmental Preservation (Climate Change Initiatives)	P45–47
	4. Protection of the environment, biodiversity and restoration of natural habitats	Biodiversity Conservation Social Contributions	P50 P39–40
Fair operating practices	1. Anti-corruption	Compliance and Risk Management	P29–30
	2. Responsible political involvement	Compliance and Risk Management	P29–30
	3. Fair competition	Compliance and Risk Management	P29–30
	4. Promoting social responsibility in the value chain	CSR Procurement	P37–38
	5. Respect for property rights	Compliance and Risk Management	P29–30
Consumer issues	1. Fair marketing, factual and unbiased information and fair contractual practices	Efforts to Ensure Customer Satisfaction	Website
	2. Protecting consumers' health and safety	Quality Assurance	P31–32
	3. Sustainable consumption	Design for Environment Environmental Businesses	P51–52 P53–54
	4. Consumer service, support, and complaint and dispute resolution	Quality Assurance	P31–32
	5. Consumer data protection and privacy	Information Security	Website
	6. Access to essential services	Efforts to Ensure Customer Satisfaction	Website
	7. Education and awareness	Efforts to Ensure Customer Satisfaction	Website
Community involvement and development	1. Community involvement	Social Contributions	P39–40
	2. Education and culture	Social Contributions	P39–40
	3. Employment creation and skills development	Social Contributions	P39–40
	4. Technology development and access	—	
	5. Wealth and income creation	—	
	6. Health	Social Contributions	P39–40
	7. Social investment	—	

List of Website References

Information that could not be included due to space limitations has been published on our website.

<http://www.teijin.com/csr/>

Contents of this report		Reference information on website	Website only	Detailed content on website
Social Report	Compliance and Risk Management	<ul style="list-style-type: none"> • PDCA Cycle of Compliance and Risk Management Activities • Group-wide Application of Corporate Ethics and Compliance • Check Sheets to Survey All Employees at the Corporate Ethics Workshop • Corporate Ethics Awareness Survey • TOPICS • Information Security 	●	
	Quality Assurance	<ul style="list-style-type: none"> • Examples of Efforts to Ensure Customer Satisfaction 	●	
	Human Resources Management and Labor CSR	<ul style="list-style-type: none"> • Determining the Status of Group-wide Labor Management 		●
		<ul style="list-style-type: none"> • Medium- to Long-term Personnel Plan • Teijin Group Basic Human Resources Policy • Human Resources Development • Job Rotation/Transfer System • Maintaining Sound Industrial Relationships • Employee Satisfaction Survey • Data on Human Resources 	●	
		<ul style="list-style-type: none"> • Green Procurement/Purchasing • Management of Contractors and Work Contracts 	●	
		<ul style="list-style-type: none"> • Other Cases of Supporting the Development of Local Communities • Other Cases of Fostering Volunteer Personnel • Breakdown of Spending on Social Contribution Activities in FY2012 		●
Environment, Safety and Health Report	CSR Procurement	<ul style="list-style-type: none"> • Support of Disaster-affected Areas 	●	
	ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health)	<ul style="list-style-type: none"> • Group ESH Debriefing Session and Business Group Annual ESH General Assembly • Breakdown of ESH-related Costs of the Teijin Group in FY2012 • Current Status of Teijin Group Management System Certifications 	●	
	Environmental Management 1 Environmental Preservation	<ul style="list-style-type: none"> • Teijin Group environmental input/output (Trends in the past five years) 		●
	Environmental Management 2 Design for Environment	<ul style="list-style-type: none"> • List of Products and Processes that have Received Design for Environment Approval 	●	
Economic Report	Occupational Safety and Health	<ul style="list-style-type: none"> • Current Status of OHSAS 18001 Certification • Teijin Group Health Walk Held • Preventing Nano-material-related Health Problems 	●	
		<ul style="list-style-type: none"> • Distribution of Added Value to Stakeholders 	●	

Editor's Postscript

In conducting its operations, the Teijin Group respects the interests of its stakeholders and strives to engage in dialogue with them. In FY2012, we had an opportunity to exchange opinions regarding supply chains with stakeholders in the Netherlands. We reconfirmed the fact that there are different regional issues to be addressed even under the same theme, and we were also able to identify issues for the whole group. Working towards the realization of "Human Chemistry, Human Solutions" as our promise to society and our customers, we will continue active communications with stakeholders in various countries and fields. We wish to take this opportunity to thank all stakeholders who were kind enough to provide their valuable opinions.

The Teijin Group CSR Report contains opinions from third parties given every year by experts in four fields. The advice was useful in helping us to improve not only our CSR report but also all CSR activities in general. The following are the points that we improved in this report based on the advice we received last year.

1. For compliance with ISO 26000, we used a comparative table to organize Teijin Group activities for a total of 37 issues as they

relate to ISO 26000 core subjects and conducted a self-inspection. We will continue to make efforts to improve in relation to these issues.

2. Regarding policies for CSR activities, we listed the basic stance and relevant parts of the Corporate Code of Conduct for each item in order to clarify the objectives of group activities.
3. To make the report easier to read, we used a dramatically different page design this time. We used two-page spreads for each item and reduced the number of words per page. There is also a guide to relevant information appearing on our website for each item.

Finally, this year, we were once again permitted to use the real names of many individuals, suppliers, NPOs and other organizations. All of these groups and individuals understand the objectives of our CSR reports well, and willingly cooperated in enabling us to disclose this information. We would like to take this opportunity to thank everyone for their cooperation and support.

Corporate Communications Department
Teijin Limited

J-SUS: Regarding the reliability of the sustainability information published in this CSR report, the J-SUS mark on the back cover is registration proof that the report satisfies the J-SUS mark standards formulated by the Japanese Association of Assurance Organizations for Sustainability Information (<http://j-sus.org/english.html>).

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